

LOSS COSTS – IMPLEMENTATION

JULY 13, 2023

COMMERCIAL PROPERTY

LI-CF-2023-085

NEW JERSEY COMMERCIAL FIRE AND ALLIED LINES ADVISORY PROSPECTIVE LOSS COST REVISION TO BE IMPLEMENTED

KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of **+2.4%** to be implemented.

BACKGROUND

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

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.

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.

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.

EFFECTIVE DATE

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

These changes are applicable to all policies written on or after November 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.

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of November 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.

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 OCTOBER 2, 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 New Jersey Department of Banking & Insurance on this revision, you should refer to ISO Filing Number CF-2023-RLA1 and SERFF Tracking Number ISOF-133731309, NOT this circular number.

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

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-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.

REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 11-23 (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 28, 2023. On November 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 28, 2023 to November 1, 2023. On November 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.

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

ATTACHMENT(S)

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

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.

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.

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.

AIR WORLDWIDE CORPORATION

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

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

XACTWARE SOLUTIONS, INC.

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

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

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We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply; and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

CONTACT INFORMATION

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NEW JERSEY

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

PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a +2.4% statewide change from the current ISO loss costs.
- provides the analyses used to derive the prospective loss costs based on experience through calendar/accident year ending 12/31/2021, evaluated as of 3/31/2022.
- incorporates hurricane modeled loss costs based on Touchstone Version 9.0 of AIR Worldwide Corporation's (AIR) tropical cyclone model.
- introduces Basic Group I loss costs for the cannabis classes (0535, 0574, 0575, 0585, and 2205). See filing CF-2021-RCCLC.

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.

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.

CHANGES TO METHODOLOGY

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

The statewide monoline prospective loss cost level changes are:

<u>Coverage</u>	<u>Indicated</u>
Basic Group I	-1.3%
Basic Group II	+10.4%
Special Causes of Loss	+0.7%
Total	+2.4%

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

PRIOR ISO
REVISIONS

The latest revisions in this state are:

<u>Reference Document or Filing</u>	CF-2021-RLA1	CF-2016-RLA1
<u>Rates/ Loss Costs</u>	Loss Costs	Loss Costs
<u>Dates Implemented</u>	08/01/2022	10/01/2016
<u>Changes</u>		
Basic Group I	3.7%	4.5%
Basic Group II	4.4%	-3.4%
Special Causes of Loss	1.8%	12.2%
Total	3.3%	4.8%

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) for Basic Group I or category for 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. Liberty Mutual Insurance Company
3. Tokio Marine Companies
4. Utica Mutual Insurance Company
5. Selective Insurance Company Of America
6. Harleysville Insurance
7. Cumberland Insurance Company Incorporated
8. Norfolk & Dedham Mutual Fire Insurance Company
9. Firemans Fund Insurance Company
10. Seneca 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.

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) – 35.4%

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.

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COMMERCIAL PROPERTY

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OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

INTRODUCTION

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

STEP 1: DETERMINATION OF INDICATED STATEWIDE LOSS COST LEVEL CHANGE

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

STEP 2: DISTRIBUTION OF CHANGES

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

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.

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

OBJECTIVE	<p>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?</p>
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	<p>The experience used in this review is the latest available data reported under the ISO Commercial Statistical Plan for BG I, BG II and SCL. The data are aggregated on an accident year basis.</p>

EXPLANATORY NOTES TO EXHIBITS B1-B3

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

COLUMN (1)

EXPERIENCE PERIOD

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

COLUMN (2)

AGGREGATE LOSS COSTS

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

Extension of Exposures Approach

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

On-level Approach

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

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

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

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

COLUMN (2)
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

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

COLUMN (3) - BG II

NON-HURRICANE AGGREGATE LOSS COSTS - BASIC GROUP II ONLY

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

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

ADJUSTED INCURRED LOSSES

In order to assure the adequacy of the proposed loss cost level, incurred losses are adjusted to reflect the effect of inflation and other trends on loss costs. The adjustment of past losses to prospective levels is accomplished on an individual loss basis by application of current cost factors, loss projection factors and loss trend adjustments (Exhibits C10 through C12). In addition to adjusting losses to prospective cost level, the effect of inflation on the deductible portion of the loss incurred is reflected. For Basic Group II, losses due to hurricanes reflected in the modeled hurricane loss costs have been removed from the experience and replaced with average non-hurricane losses for each rating territory and loss month.

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

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

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

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

COLUMN (5) - BG I, SCL WEIGHTS

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

LINE (6) WEIGHTED EXPERIENCE RATIO

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

LINE (7) CREDIBILITY

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

LINE (8) EXPECTED EXPERIENCE RATIO

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

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

LINE (9) CREDIBILITY WEIGHTED EXPERIENCE RATIO

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

LINE (10) INDICATED COVERAGE LOSS COST CHANGE

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.

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

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

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

STEP 2 - DISTRIBUTION OF LOSS COST LEVEL CHANGES

OBJECTIVE	<p>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?</p> <hr/>
BASIC GROUP I	<p>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.</p> <p>The overall loss cost level change is distributed across type of policy and territory. The indicated monoline change is the product of the monoline type of policy relativity, the territory relativity and the statewide loss cost level change.</p> <hr/>
BASIC GROUP II	<p>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.</p> <p>The statewide monoline non-hurricane loss cost change is the product of the monoline normalized formula relativity, shown on Exhibit B8 and the indicated statewide loss cost level change. This change is applied to the non-hurricane portion of the BG II loss costs to produce indicated non-hurricane loss costs. The indicated loss costs by territory, coverage, and symbol are equal to the sum of the indicated non-hurricane loss costs plus the hurricane modeled loss costs.</p> <hr/>

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

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

BASIC GROUP II (cont'd)

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

SPECIAL CAUSES OF LOSS

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

The indicated monoline loss cost level changes are calculated for each category by taking the product of the monoline type of policy relativity, the category relativity and the statewide 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 (BG1) or a set of n category relativities (SCL) are determined. These steps form an iterative process which continues until there is no appreciable difference in results from one iteration to the next.

COLUMN (2)

CREDIBILITY

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

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

where P represents the five-year aggregate adjusted loss costs for a given rating variable, and K is a constant value. For Basic Group I, K equals an aggregate loss cost volume of \$55,000,000 for territory 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.)

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

COLUMN (5) (cont'd)

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.

MULTILINE CONSIDERATIONS

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

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

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

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

EXPLANATORY NOTES TO EXHIBITS B6

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

INTRODUCTION	<p>The experience used in the relativity analysis and displayed on 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 on 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.

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

COLUMN (1)

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

COLUMN (3)

FORMULA RELATIVITY

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

EXPLANATORY NOTES TO 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:

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

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

COLUMN (10)

INDICATED LOSS COST CHANGES

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

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

MULTILINE
CONSIDERATIONS

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

OVERVIEW

AGGREGATE LOSS COSTS AT CURRENT LEVEL

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

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

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

ADJUSTMENTS TO LOSSES

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

CREDIBILITY

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

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

OVERVIEW (cont'd)

CREDIBILITY (cont'd)

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

LOSS COST/RATE LEVEL HISTORY

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

EXPLANATORY NOTES TO EXHIBITS C1, C2 AND C3

LOSS COST/RATE LEVEL HISTORIES

COLUMN (1) EFFECTIVE DATE

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

COLUMN (2) LOSS COST/RATE LEVEL CHANGE

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

COLUMN (3) LOSS COST/RATE LEVEL INDEX

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

COLUMN (4) WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

These factors are used to bring individual policies with inception dates prior to the effective date up to current loss cost level. The actual loss cost/rate changes vary by rating id, rating group, and territory (where applicable) for Basic Group I, by territory, coverage, and symbol (where applicable) for Basic Group II, and by category for Special Causes of Loss. Consequently, these on-level factors represent average factors and are not the factors actually used to adjust the aggregate loss costs on an individual policy basis. For complete loss cost/rate level histories in detail, refer to Exhibits C4, C5 and C6.

COLUMN (5) WEIGHT

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

EXPLANATORY NOTES TO EXHIBIT C4

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

TERRITORY

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

EFFECTIVE DATE

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

LOSS COST/RATE LEVEL CHANGES

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

EXPLANATORY NOTES TO EXHIBIT C5

HISTORY OF BASIC GROUP II LOSS COST CHANGES BY TERRITORY

COLUMN (1) TERRITORY

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

COLUMN (2) EFFECTIVE DATE

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

COLUMN (3) SYMBOL

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

COLUMN (4) BUILDING

Building loss cost changes are shown in percent form.

COLUMN (5) CONTENTS

Contents loss cost changes are shown in percent form.

EXPLANATORY NOTES TO EXHIBIT C6

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

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGES BY CATEGORY

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

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

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

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

IMPLICIT PACKAGE
MODIFICATION
FACTORS

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

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

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

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

IPMF CAPS

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

EXPLANATORY NOTES TO EXHIBITS C7, C8 AND C9

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

EXHIBITS C7, C8
AND C9

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

TREND PROCEDURE

INTRODUCTION

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

LOSS TREND

EXTERNAL LOSS DATA

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

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

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. 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> <p>$\text{MSEP} = (\text{CD} + \text{CN} + \text{FS}) + (\text{EXD\&N} - \text{IMD\&N}) + (\text{IFIX} - \text{IPP}), \text{ where}$</p> <p>CD and CN represent consumption of durables and nondurables, respectively; EXD&N and IMD&N represent exports and imports of merchandise, respectively; FS represents food services and IFIX represents gross private domestic fixed investment (including residential fixed investment as well as nonresidential fixed investment in structures, equipment, and intellectual property products); and IPP represents nonresidential fixed investment in intellectual property products.</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)

COVERAGE

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

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.

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 BG I and the parameters in the normal loss formula are at 2005 cost levels and therefore have been similarly adjusted to prospective cost levels.

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

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

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

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

EXCESS LOSS PROCEDURES (cont'd)

BASIC GROUP II

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

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

A loss ratio cutoff is used to determine normal and excess losses in the excess procedure. The application of this cutoff is described in the explanatory notes to Exhibit C20. The excess losses are used to determine the excess multiplier. The excess multiplier is derived in such a manner as to provide an estimate of the expected excess non-hurricane loss dollars per normal non-hurricane loss dollar.

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

SPECIAL CAUSES OF LOSS

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

EXPLANATORY NOTES TO EXHIBIT C18

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS
FACTORS

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

EXPLANATORY NOTES TO EXHIBIT C19

BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1) TRENDED INCURRED LOSSES

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

COLUMN (2) TRENDED NORMAL LOSSES

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

COLUMN (3) STATE NORMAL PERCENTAGE

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

COLUMN (4) MULTISTATE NORMAL PERCENTAGES

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

COLUMN (5) ADJUSTED INCURRED LOSSES

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

COLUMN (6) STATE AVERAGE EXCESS FACTOR

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

EXPLANATORY NOTES TO EXHIBIT C20

BASIC GROUP II EXCESS MULTIPLIER

COLUMN (1) EARNED PREMIUMS

The unadjusted earned premiums are shown for each year.

COLUMN (2) INCURRED NON-HURRICANE LOSSES

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

COLUMN (3) NORMAL INCURRED NON-HURRICANE LOSSES

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

COLUMN (4) NORMAL LOSS RATIO

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

COLUMN (5) STATE EXCESS LOSS RATIO

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

LINE (6) STATE EXCESS COMPONENT

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

LINE (7) STATE EXCESS MULTIPLIER

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

EXPLANATORY NOTES TO EXHIBIT C21

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1) EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2) INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3) NORMAL INCURRED LOSSES

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

COLUMN (4) NORMAL LOSS RATIO

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

Column (4) = Column (3) ÷ Column (1)

COLUMN (5) EXCESS LOSS RATIO

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

LINE (6) EXCESS COMPONENT

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

LINE (7) EXCESS MULTIPLIER

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

OVERVIEW

APPLICATION OF CREDIBILITY

INTRODUCTION

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

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

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

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24

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

LINE (1a)
(BGI only)

Full Credibility Claims Standard of Frequency

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

LINE (1b)
(BGI only)

Severity Modification Factor

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

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

Full Credibility Claims Standard

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

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

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

LINE (3)

Full Credibility Earned Risks Standard

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

LINE (4)

Experience Period Statewide Earned Risks

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

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

LINE (5) Experience Period Aggregate Loss Costs

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

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

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

LINE (7) Full Credibility Aggregate Loss Costs Standard

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

LINE (8) Credibility

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

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

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

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

BASIC GROUP II

HURRICANE PROCEDURES

INTRODUCTION

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

OVERVIEW OF THE USE OF HURRICANE MODELS IN RATEMAKING

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

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

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

BASIC GROUP II

DESCRIPTION OF THE HURRICANE MODEL

HURRICANE DEFINED

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

HURRICANE MODEL

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

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

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

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

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

EVENT
GENERATION
MODULE

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

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

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

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

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

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

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

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

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

LOCAL
INTENSITY
MODULE

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

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

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

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

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

DAMAGE
ESTIMATION
MODULE

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

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

BASIC GROUP II

RATEMAKING PROCEDURES AND LOSS COST CALCULATIONS

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

REMOVAL OF HURRICANE LOSSES

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

EXCESS PROCEDURE

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

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

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

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

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

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

STATEWIDE EXPERIENCE LEVEL REVIEW	<p>The statewide experience review (Exhibit B2) is based on the latest ten years of non-hurricane loss experience. The losses are normal non-hurricane losses (i.e., hurricane losses reflected by the model have been replaced by average non-hurricane losses and the resulting losses have been capped at 0.500 times the earned premium for each year), multiplied by the excess multiplier, loss adjustment expense factor, trend factors, and loss development factors. The non-hurricane aggregate loss costs are at current manual level and have been trended to the average date of writing in the assumed effective period.</p>
NON-HURRICANE LOSS COST PROVISION	<p>The non-hurricane portion of the revised BG II loss costs for each territory (where applicable), coverage, and symbol is calculated as:</p> $\text{Current Non-Hurricane Loss Cost} \times \text{Statewide Monoline Non-Hurr. Change}$ <p>where the statewide monoline non-hurricane change is the product of the statewide non-hurricane coverage change (Exhibit B2) and the indicated monoline relativity found on Exhibit B8, Column (7).</p>
MODELED HURRICANE LOSS COSTS	<p>The model produces hurricane loss costs (expected hurricane losses per \$100 of replacement cost) including demand surge and truncated at 80% of value in ZIP code, coverage, and construction detail. These loss costs are weighted together to derive expected hurricane loss costs for each rating territory, coverage, and symbol, using the latest BG II premium distribution. The hurricane loss costs are then adjusted to an 80% coinsurance, base deductible, and base limit of insurance level, and a factor is applied to reflect all loss adjustment expenses.</p>
REVISED BASIC GROUP II LOSS COSTS	<p>The revised BG II loss costs are the sum of the non-hurricane portion of the revised loss costs plus the modeled hurricane loss costs.</p> <p>The statewide BG II monoline change shown on Exhibit A1 is calculated as a weighted average of the individual loss cost changes for each territory (where applicable), coverage, and symbol. This monoline change (based on hurricane plus non-hurricane experience combined) is then used to determine the indicated loss cost adjustments by type of policy as described on Exhibit B8.</p> <hr/>

EXPLANATORY NOTES TO EXHIBIT C25

CALCULATION OF REVISED BASIC GROUP II LOSS COSTS

SYMBOL DEFINITIONS

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

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

COLUMN (1) Latest Year Aggregate Loss Costs

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

COLUMN (2) Current Loss Costs

The current manual loss costs are shown here.

COLUMN (3) Current Non-Hurricane Loss Costs

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

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

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

COLUMN (5) Indicated Non-Hurricane Loss Costs

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

EXPLANATORY NOTES TO EXHIBIT C25

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

COLUMN (6) Hurricane Modeled Loss Costs

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

COLUMN (7) Indicated Total Loss Costs

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

COLUMN (8) Percent Change

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

OVERVIEW

LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Exhibit D6 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 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

NEW JERSEY

SUMMARY OF MONOLINE PROSPECTIVE LOSS COST CHANGES (A)

<u>Coverage</u>	<u>Indications</u>	<u>Selections</u>	Aggregate Loss Costs At Current <u>Level</u>
Basic Group I	-1.3%	-1.3%	40,141,371
Jersey City	-3.4%	-3.4%	
Newark	+2.4%	+2.4%	
Balance Of State (New Jersey)	-1.4%	-1.4%	
Basic Group II	+10.4%	+10.4%	24,194,866
Territory I	+11.1%	+11.1%	
Territory II	+8.2%	+8.2%	
Territory III	+5.8%	+5.8%	
Special Causes of Loss	+0.7%	+0.7%	26,568,389
All Coverages Combined	+2.4%	+2.4%	90,904,626

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

NEW JERSEY

Basic Group II Prospective Loss Cost Changes
By Territory, Coverage, and Symbol

		<u>Territory</u>		
<u>Coverage</u>	<u>Symbol</u>	<u>Territory I</u>	<u>Territory II</u>	<u>Territory III</u>
Buildings	AA	12.5%	6.9%	5.1%
	A	11.1%	9.4%	4.5%
	AB	11.1%	9.1%	5.7%
	B	11.1%	8.5%	5.5%
Contents	AA	13.3%	8.5%	9.2%
	A	11.4%	7.7%	8.2%
	AB	11.9%	8.3%	9.4%
	B	10.7%	5.4%	8.0%
	Total	11.1%	8.2%	5.8%

NEW JERSEY

SPECIAL CAUSES OF LOSS PROSPECTIVE LOSS COST CHANGES BY CATEGORY

<u>Category</u>	<u>Description</u>	<u>Entire State</u>
01	Buildings	-1.0%
02	Res. Apts. And Condos	-1.8%
03	Offices	-4.2%
04	Mercantile - High	+11.2%
05	Mercantile - Medium	+9.6%
06	Mercantile - Low	+4.2%
07	Motels And Hotels	+3.1%
08	Institutional - High	+5.9%
09	Institutional - Low	-5.5%
10	Indust-Proc - High	+8.2%
11	Indust-Proc - Low	+19.1%
12	Service - High	+5.3%
13	Service - Low	+11.2%
14	Contractors	-7.1%
	Statewide Total	+0.7%

NEW JERSEY

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	-1.4%	10.2%	-0.4%
32	Apartment	-1.3%	10.1%	-1.2%
33	Office	-1.3%	10.5%	-2.0%
34	Mercantile	-1.3%	10.5%	2.3%
35	Institutional	-1.2%	10.5%	-1.4%
36	Services	-1.3%	10.4%	1.9%
37	Indust/Processing	-1.3%	10.7%	7.5%
38	Contractors	-1.4%	10.2%	-4.7%

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 are calculated by taking a weighted average of the loss cost changes by coverage and symbol, using the latest year aggregate loss costs as weights.

NEW JERSEY

STATEWIDE BASIC GROUP I
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u> <u>(3)/(2)</u>	<u>Weights</u>
2017	38,775,247	35,894,397	0.926	0.10
2018	37,002,194	46,431,677	1.255	0.15
2019	37,067,795	37,313,721	1.007	0.20
2020	38,102,779	42,494,290	1.115	0.25
2021	40,141,371	41,629,903	1.037	0.30
(6) Weighted Experience Ratio				= 1.072
(7) Credibility				= 0.377
(8) Expected Experience Ratio				= 1.041
(9) Credibility Weighted Experience Ratio (0.377 X 1.072) + (0.623 X 1.041)				= 1.053
(10) Indicated Coverage Loss Cost Change				= 1.053
				OR 5.3%

* 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.

NEW JERSEY

STATEWIDE BASIC GROUP II
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Non-Hurricane Aggregate*	Non-Hurricane Adjusted**	Experience Ratio
<u>Year</u>	<u>Loss Costs</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>(3)/(2)</u>
2012	22,279,981	13,723,100	19,257,314	1.403
2013	22,337,298	13,852,028	8,242,646	0.595
2014	22,626,192	14,093,725	20,076,163	1.424
2015	21,570,439	13,422,770	18,856,712	1.405
2016	21,720,098	13,554,131	15,825,832	1.168
2017	22,769,060	14,187,070	12,971,573	0.914
2018	22,823,016	14,203,217	17,927,402	1.262
2019	22,957,635	14,240,497	14,879,950	1.045
2020	23,331,333	14,419,488	34,600,249	2.400
2021	24,194,866	14,959,683	28,443,691	1.901
(6) Weighted Experience Ratio				= 1.352
(7) Credibility				= 0.484
(8) Expected Experience Ratio				= 1.056
(9) Credibility Weighted Experience Ratio (0.484 X 1.352) + (0.516 X 1.056)				= 1.199
(10) Indicated Coverage Loss Cost Change				= 1.199
				OR 19.9%

* 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.

NEW JERSEY

STATEWIDE SPECIAL CAUSES OF LOSS
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u> <u>(3)/(2)</u>	<u>Weights</u>
2017	22,810,966	18,402,896	0.807	0.10
2018	23,322,324	30,371,480	1.302	0.15
2019	24,283,940	25,035,425	1.031	0.20
2020	25,214,255	26,411,416	1.047	0.25
2021	26,568,389	28,420,138	1.070	0.30
(6) Weighted Experience Ratio				= 1.065
(7) Credibility				= 0.337
(8) Expected Experience Ratio				= 1.047
(9) Credibility Weighted Experience Ratio				= 1.053
(0.337 X 1.065) + (0.663 X 1.047)				
(10) Indicated Coverage Loss Cost Change				= 1.053
				OR 5.3%

* 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.

NEW JERSEY
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	1.053
<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>	5.3%
10	0.542	0.121	0.929	0.937		
31	1.515	0.022	1.009	1.017		
32	1.263	0.213	1.051	1.060		
33	0.849	0.055	0.991	0.999		
34	1.072	0.334	1.023	1.031		
35	0.515	0.241	0.852	0.859		
36	1.044	0.248	1.011	1.019		
37	1.647	0.151	1.078	1.087		
38	0.792	0.087	0.980	0.988		

Statewide Monoline Loss Cost Level Change: -1.3%

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<u>Territory</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Indicated Monoline Loss Cost Level Change</u>	<u>Off- Balance Factor</u>	<u>Current Territorial Multiplier</u>	<u>Revised Territorial Multiplier</u>
Jersey City	0.666	0.062	0.975	0.979	-3.4%	1.000	1.138	1.115
Newark	1.332	0.116	1.034	1.038	2.4%	1.000	1.466	1.523
Bal. Of State (NJ)	0.993	0.766	0.995	0.999	-1.4%	1.000	1.000	1.000

NEW JERSEY
BASIC GROUP I RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation for Jersey City:

Statewide Coverage Loss Cost Change	=	1.053
Territorial Relativity	=	0.979
Monoline (TOP 10) Relativity	=	0.937

Indicated Monoline Loss Cost Level Change
= 1.053 X 0.979 X 0.937 = 0.966
or -3.4%

NEW JERSEY
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	1.053 5.3%
<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	0.767	0.191	0.951	0.956		
31	1.589	0.038	1.018	1.024		
32	1.050	0.267	1.013	1.018		
33	1.369	0.110	1.035	1.041		
34	0.911	0.433	0.960	0.965		
35	1.065	0.420	1.027	1.033		
36	0.941	0.274	0.983	0.988		
37	1.120	0.186	1.021	1.027		
38	0.963	0.166	0.994	0.999		

	(1)	(2)	(3)	(4)	(5)
<u>Category</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Indicated Monoline Loss Cost Level Change</u>
01	0.945	0.828	0.954	0.983	-1.0%
02	0.775	0.212	0.947	0.975	-1.8%
03	0.636	0.174	0.924	0.952	-4.2%
04	1.284	0.282	1.073	1.105	11.2%
05	1.279	0.225	1.057	1.089	9.6%
06	1.043	0.119	1.005	1.035	4.2%
07	0.791	0.027	0.994	1.024	3.1%
08	1.084	0.254	1.021	1.052	5.9%
09	0.774	0.361	0.912	0.939	-5.5%
10	1.750	0.077	1.044	1.075	8.2%
11	2.002	0.200	1.149	1.183	19.1%
12	1.079	0.205	1.016	1.046	5.3%
13	1.760	0.125	1.073	1.105	11.2%
14	0.659	0.262	0.896	0.923	-7.1%

Statewide Monoline Loss Cost Level Change: 0.7%

NEW JERSEY
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation:

Statewide Coverage Loss Cost Change	=	1.053
Monoline (TOP 10) Relativity	=	0.956
Category 1 Relativity	=	0.983
Indicated Monoline Loss Cost Level Change for Category 1	=	0.99
	OR	-1.0%

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

Type Of Policy	(1) Accident Year Ending 12/31/2021 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Relativity
Jersey City				
10 Monoline	92,670	319,351	0.657	0.616
31 Multiline Motel/Hotel	918	918	0.000	0.000
32 Multiline Apartment	322,874	1,146,136	0.669	0.628
33 Multiline Office	11,156	54,022	0.000	0.000
34 Multiline Mercantile	166,896	923,602	1.937	1.817
35 Multiline Institutional	126,674	668,730	0.057	0.053
36 Multiline Services	61,013	331,201	0.096	0.090
37 Multiline Indust/Process	19,847	133,436	0.098	0.092
38 Multiline Contractors	13,497	82,861	0.000	0.000
Total All Tops*	815,545	3,660,257	0.754	0.708
Newark				
10 Monoline	181,925	503,054	0.936	0.878
31 Multiline Motel/Hotel	5,083	37,011	0.000	0.000
32 Multiline Apartment	355,874	1,328,057	2.000	1.876
33 Multiline Office	18,082	106,892	0.000	0.000
34 Multiline Mercantile	334,946	1,497,849	1.688	1.583
35 Multiline Institutional	411,037	2,105,881	0.454	0.426
36 Multiline Services	153,818	786,695	0.791	0.742
37 Multiline Indust/Process	120,746	708,792	1.889	1.772
38 Multiline Contractors	26,963	162,996	0.050	0.047
Total All Tops*	1,608,474	7,237,227	1.234	1.158

NEW JERSEY
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>
Balance Of State (New Jersey)				
10 Monoline	3,195,255	12,946,241	0.576	0.540
31 Multiline Motel/Hotel	400,860	2,206,383	1.611	1.511
32 Multiline Apartment	5,811,729	24,618,912	1.342	1.259
33 Multiline Office	849,788	5,641,241	0.903	0.847
34 Multiline Mercantile	10,144,520	47,819,700	1.140	1.069
35 Multiline Institutional	5,927,508	28,952,747	0.549	0.515
36 Multiline Services	6,212,253	31,831,811	1.111	1.042
37 Multiline Indust/Process	3,367,409	16,910,767	1.751	1.643
38 Multiline Contractors	1,808,032	9,264,105	0.842	0.790
Total All Tops*	37,717,354	180,191,907	1.066	1.000

NEW JERSEY
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				
10 Monoline	3,469,850	13,768,646	0.597	0.560
31 Multiline Motel/Hotel	406,861	2,244,312	1.587	1.489
32 Multiline Apartment	6,490,477	27,093,105	1.345	1.261
33 Multiline Office	879,026	5,802,155	0.873	0.819
34 Multiline Mercantile	10,646,362	50,241,151	1.170	1.097
35 Multiline Institutional	6,465,219	31,727,358	0.533	0.500
36 Multiline Services	6,427,084	32,949,707	1.094	1.026
37 Multiline Indust/Process	3,508,002	17,752,995	1.746	1.638
38 Multiline Contractors	1,848,492	9,509,962	0.824	0.773
Total All Tops*	40,141,373	191,089,391	1.066	1.000

NEW JERSEY
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
Entire State						
10 Monoline	01 Buildings	1,109,511	4,597,784	0.717	0.730	0.721
	02 Res. Apts. And Cond	10,423	65,182	6.745	2.866	2.832
	03 Offices	134,635	801,579	0.867	0.886	0.875
	04 Mercantile - High	276,003	1,296,158	1.191	1.147	1.133
	05 Mercantile - Medium	98,677	420,169	0.623	0.741	0.732
	06 Mercantile - Low	41,251	203,916	0.301	0.626	0.619
	07 Motels And Hotels	2,219	10,987	0.000	0.719	0.710
	08 Institutional - Hig	113,814	491,775	0.312	0.525	0.519
	09 Institutional - Low	50,470	277,839	2.510	1.805	1.784
	10 Indust-Proc - High	33,713	102,836	0.952	0.946	0.935
	11 Indust-Proc - Low	105,146	427,074	0.329	0.553	0.546
	12 Service - High	36,421	190,626	0.165	0.568	0.561
	13 Service - Low	76,743	381,449	3.777	2.678	2.646
	14 Contractors	32,962	154,509	0.101	0.568	0.561
	Total	2,121,988	9,421,883	0.902	0.877	0.867
31 Multiline Motel/Hotel	01 Buildings	275,234	1,191,470	2.945	1.518	1.500
	07 Motels And Hotels	50,988	408,779	2.593	1.271	1.256
	Total	326,222	1,600,249	2.890	1.479	1.462

NEW JERSEY
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	2,733,436	10,578,847	0.996	1.003	0.991
	02 Res. Apts. And Cond	812,395	3,981,532	0.608	0.822	0.812
	Total	3,545,831	14,560,379	0.907	0.962	0.950
33 Multiline Office	01 Buildings	604,871	3,214,112	1.711	1.318	1.302
	03 Offices	305,896	1,719,230	0.399	0.824	0.814
	04 Mercantile - High	317	5,936	81.372	8.874	8.769
	08 Institutional - Hig	2,817	12,901	0.000	0.918	0.907
	11 Indust-Proc - Low	29	104	0.000	0.920	0.909
	12 Service - High	568	1,554	0.000	0.920	0.909
	14 Contractors	1,479	4,605	0.000	0.919	0.908
	Total	915,977	4,958,442	1.291	1.154	1.140

NEW JERSEY
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	4,509,827	20,208,865	0.836	0.871	0.861
	03 Offices	25,493	89,343	0.922	1.008	0.996
	04 Mercantile - High	923,899	4,383,006	1.325	1.172	1.158
	05 Mercantile - Medium	818,144	3,898,152	1.363	1.182	1.168
	06 Mercantile - Low	392,480	1,742,089	0.840	0.962	0.951
	08 Institutional - Hig	416	2,016	0.000	0.920	0.909
	10 Indust-Proc - High	54	267	0.000	0.920	0.909
	11 Indust-Proc - Low	571	3,973	0.000	0.920	0.909
	12 Service - High	14,439	72,588	0.000	0.908	0.897
	13 Service - Low	2,086	27,042	1.345	1.052	1.040
	14 Contractors	14,494	83,069	0.000	0.906	0.895
	Total	6,701,903	30,510,410	0.965	0.957	0.945
35 Multiline Institutional	01 Buildings	3,544,469	16,410,477	1.017	1.017	1.005
	03 Offices	31,519	112,148	0.000	0.902	0.891
	04 Mercantile - High	10	160	0.000	0.920	0.909
	06 Mercantile - Low	145	622	5.294	1.433	1.416
	08 Institutional - Hig	850,653	4,457,798	1.322	1.171	1.157
	09 Institutional - Low	1,857,769	7,909,806	0.725	0.833	0.823
	12 Service - High	4,291	20,838	0.000	0.917	0.906
	13 Service - Low	13,731	48,656	0.000	0.912	0.901
	14 Contractors	443	2,585	0.000	0.920	0.909
	Total	6,303,030	28,963,090	0.964	0.983	0.971

NEW JERSEY
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	1,922,480	8,804,177	0.872	0.902	0.891
	03 Offices	36,578	191,816	0.341	0.978	0.966
	04 Mercantile - High	34,610	143,410	1.937	1.316	1.300
	05 Mercantile - Medium	7,538	34,644	0.057	1.030	1.018
	06 Mercantile - Low	9,047	33,319	10.998	2.344	2.316
	08 Institutional - Hig	27,447	133,091	0.289	0.998	0.986
	09 Institutional - Low	46,806	275,805	0.000	0.846	0.836
	10 Indust-Proc - High	5	5	0.000	1.055	1.042
	11 Indust-Proc - Low	5,008	31,749	0.000	1.026	1.014
	12 Service - High	753,352	3,576,548	0.989	1.027	1.015
	13 Service - Low	337,483	1,678,209	1.880	1.621	1.602
	14 Contractors	29,844	176,486	0.167	0.947	0.936
	Total	3,210,198	15,079,259	1.012	1.017	1.005
37 Indust/Proc	01 Buildings	924,268	4,620,202	1.026	1.050	1.038
	03 Offices	5,395	27,405	8.810	2.047	2.023
	04 Mercantile - High	4,307	24,313	1.362	1.186	1.172
	05 Mercantile - Medium	41	338	0.000	1.055	1.042
	06 Mercantile - Low	271	719	0.000	1.054	1.042
	10 Indust-Proc - High	234,655	1,149,106	2.653	1.988	1.964
	11 Indust-Proc - Low	675,359	3,284,517	2.617	2.283	2.256
	12 Service - High	1,999	4,087	0.000	1.051	1.039
	13 Service - Low	539	3,324	0.000	1.052	1.040
	14 Contractors	4,365	38,157	3.278	1.426	1.409
	Total	1,851,199	9,152,168	1.840	1.623	1.604

NEW JERSEY
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	546,540	2,758,122	0.833	0.919	0.908
	03 Offices	39,352	217,963	1.138	1.158	1.144
	04 Mercantile - High	9,049	51,504	5.844	1.790	1.769
	05 Mercantile - Medium	2,036	9,668	0.000	1.046	1.034
	06 Mercantile - Low	8,036	45,594	1.686	1.232	1.217
	08 Institutional - Hig	755	5,556	1.899	1.236	1.221
	11 Indust-Proc - Low	9	1,716	0.000	1.053	1.041
	12 Service - High	595	1,680	0.000	1.053	1.041
	13 Service - Low	3,038	9,054	0.352	1.082	1.069
	14 Contractors	982,631	4,853,141	0.535	0.642	0.634
	Total	1,592,041	7,953,998	0.688	0.761	0.752
Total All TOPs	01 Buildings	16,170,636	72,384,056	0.978	0.959	0.948
	02 Res. Apts. And Cond	822,818	4,046,714	0.686	0.848	0.838
	03 Offices	578,868	3,159,484	0.634	0.895	0.884
	04 Mercantile - High	1,248,195	5,904,487	1.366	1.177	1.163
	05 Mercantile - Medium	926,436	4,362,971	1.270	1.133	1.120
	06 Mercantile - Low	451,230	2,026,259	1.010	0.964	0.953
	07 Motels And Hotels	53,207	419,766	2.485	1.248	1.233
	08 Institutional - Hig	995,902	5,103,137	1.174	1.092	1.079
	09 Institutional - Low	1,955,045	8,463,450	0.754	0.858	0.848
	10 Indust-Proc - High	268,427	1,252,214	2.439	1.857	1.835
	11 Indust-Proc - Low	786,122	3,749,133	2.292	2.043	2.018
	12 Service - High	811,665	3,867,921	0.925	1.004	0.992
	13 Service - Low	433,620	2,147,734	2.141	1.778	1.757
	14 Contractors	1,066,218	5,312,552	0.514	0.656	0.648
	Total	26,568,389	122,199,878	1.037	1.012	1.001

NEW JERSEY

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								Indicated Total
	Loss Costs	Experience Ratio	Formula		Credibility	Balanced	Normalized	Current	Indicated	Loss
	At Current	At Current Pmf	Relativity	Credibility	Weighted	Formula	Formula	Implicit	Implicit	Cost
	<u>Implicit PMF</u>	<u>PMF (A)</u>	<u>(2)/ 0.839</u>	<u>(C)</u>	<u>Relativity (D)</u>	<u>Relativity E</u>	<u>Relativity F</u>	<u>PMF</u>	<u>PMF G</u>	<u>Adjustment</u>
Monoline	2,193,791	0.743	0.886	0.270	0.970	0.970	0.9638			10.4%
Multiline	22,001,075	0.849	1.012	0.823	1.010	1.010	1.0038			15.1%
Coverage	24,194,866	0.839	1.001			1.0064	1.0002			14.7%
<u>Multiline Top</u>										
31 Motel/Hotel	284,821	0.816	0.973	0.060	0.999	0.996	0.9897	1.010	1.037	13.4%
32 Apartment	2,249,598	0.663	0.790	0.270	0.944	0.941	0.9350	0.648	0.629	7.1%
33 Office	494,945	0.529	0.631	0.107	0.961	0.958	0.9519	0.640	0.632	9.1%
34 Mercantile	6,179,544	0.932	1.111	0.546	1.061	1.058	1.0513	0.857	0.935	20.5%
35 Institutional	3,323,027	1.052	1.254	0.410	1.105	1.102	1.0950	0.546	0.620	25.5%
36 Services	5,423,288	0.756	0.901	0.560	0.945	0.942	0.9360	1.433	1.392	7.3%
37 Indust/Process	2,884,779	0.873	1.041	0.404	1.017	1.014	1.0076	1.273	1.331	15.5%
38 Contractors	1,161,073	0.701	0.836	0.211	0.966	0.963	0.9569	0.909	0.902	9.7%
	22,001,075	0.849	1.012		1.013	1.010	1.0038			15.1%

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 - $(5) = (3) * (4) + 1.001*(1.000 - (4))$

E - $(6) = (5) * (1.01/1.013)$

F - $(7) = (6) / 1.0064$

G - $(9) = (7) * (8) / (0.9638)$

NEW JERSEY
BASIC GROUP I
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective <u>Date</u>	Loss Cost Level <u>Change</u>	Loss Cost Level <u>Index</u>	Adjustment <u>Factor</u>	<u>Weight</u>
2000-06-01	-11.4%	0.886	0.506	0.583
2002-03-01	13.8%	1.008	0.444	0.833
2003-01-01	17.9%	1.189	0.377	1.000
2005-03-01	-8.9%	1.083	0.414	0.833
2006-05-01	-12.7%	0.945	0.474	0.667
2007-08-01	-16.1%	0.793	0.565	0.417
2008-09-01	-20.9%	0.627	0.715	0.333
2010-07-01	-15.4%	0.531	0.844	0.500
2011-09-01	-4.2%	0.509	0.880	0.333
2014-09-01	-10.6%	0.455	0.985	0.333
2015-09-01	-9.1%	0.413	1.085	0.333
2016-01-01	4.5%	0.432	1.037	1.000
2022-08-01	3.7%	0.448	1.000	0.417

Time Element Only Loss Cost Level History

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

NEW JERSEY
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
2000-06-01	-13.2%	0.868	0.712	0.583
2002-03-01	-3.1%	0.841	0.735	0.833
2003-01-01	-1.4%	0.829	0.745	1.000
2005-03-01	-11.6%	0.733	0.843	0.833
2006-05-01	1.4%	0.743	0.832	0.667
2007-08-01	1.2%	0.752	0.822	0.417
2008-09-01	-11.0%	0.670	0.922	0.333
2010-07-01	-6.9%	0.623	0.992	0.500
2011-09-01	1.0%	0.630	0.981	0.333
2014-09-01	0.0%	0.630	0.981	0.333
2015-09-01	-2.6%	0.613	1.008	0.333
2016-01-01	-3.4%	0.592	1.044	1.000
2022-08-01	4.4%	0.618	1.000	0.417

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

NEW JERSEY
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
2000-06-01	-25.0%	0.750	0.911	0.583
2002-03-01	7.6%	0.807	0.846	0.833
2003-01-01	-9.2%	0.733	0.932	1.000
2005-03-01	1.8%	0.746	0.916	0.833
2006-05-01	-16.2%	0.625	1.093	0.667
2007-08-01	16.2%	0.726	0.941	0.417
2008-09-01	-6.0%	0.683	1.000	0.333
2010-07-01	-13.0%	0.594	1.150	0.500
2011-09-01	-16.6%	0.495	1.380	0.333
2014-09-01	14.5%	0.567	1.205	0.333
2015-09-01	5.4%	0.598	1.142	0.333
2016-01-01	12.2%	0.671	1.018	1.000
2022-08-01	1.8%	0.683	1.000	0.417

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

NEW JERSEY

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

TERRITORY: Jersey City

(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	
2006-05-01	Specific	-21.2%	-14.0%	-19.3%	-21.6%	-11.8%	-10.7%	-12.9%	-10.2%	-9.1%	-15.5%	-13.4%	-13.1%	1.7%	-12.3%	-17.7%	-11.5%	-11.8%	-10.0%	-12.6%	-9.4%	-9.6%	
2006-05-01	Class	2.8%	12.2%	5.3%	2.2%	15.2%	16.6%	13.6%	17.3%	18.7%	10.2%	13.0%	13.4%	25.0%	14.4%	7.3%	15.6%	-11.8%	17.5%	-12.6%	-9.4%	18.1%	
2007-08-01	Specific	-15.5%	-9.3%	-17.7%	-17.2%	-12.4%	-10.9%	-12.5%	-14.1%	-15.5%	-15.0%	-15.0%	-14.7%	-12.5%	-14.7%	-17.6%	-13.7%	-13.9%	-11.8%	-14.1%	-12.2%	-15.2%	
2007-08-01	Class	-2.9%	4.3%	-5.4%	-4.8%	0.7%	2.4%	0.6%	-1.3%	-2.9%	-2.3%	-2.3%	-2.0%	0.6%	-2.0%	-5.3%	-0.8%	-13.9%	1.4%	-14.1%	-12.2%	-2.6%	
2008-09-01	Specific	-27.3%	-20.1%	-23.0%	-20.7%	-20.6%	-19.8%	-20.9%	-22.2%	-25.2%	-21.9%	-22.0%	-21.6%	-19.1%	-21.6%	-23.6%	-20.3%	-21.0%	-17.8%	-21.3%	-15.4%	-23.1%	
2008-09-01	Class	-19.8%	-11.9%	-15.1%	-12.6%	-12.5%	-11.6%	-12.8%	-14.2%	-17.5%	-13.9%	-14.1%	-13.6%	-10.8%	-13.6%	-15.8%	-12.2%	-21.0%	-9.4%	-21.3%	-15.4%	-15.3%	
2010-07-01	Specific	-11.5%	-9.8%	-13.3%	-9.3%	-13.2%	-15.8%	-15.3%	-16.7%	-16.8%	-12.3%	-14.0%	-12.0%	-3.8%	-12.0%	-13.3%	-10.5%	-12.5%	-10.4%	-11.9%	-5.5%	-15.9%	
2010-07-01	Class	-11.9%	-10.2%	-13.7%	-9.7%	-13.7%	-16.2%	-15.8%	-17.1%	-17.2%	-12.7%	-14.4%	-12.4%	-4.3%	-12.4%	-13.7%	-10.9%	-12.5%	-10.8%	-11.9%	-5.5%	-16.3%	
2011-09-01	Specific	-1.5%	-1.9%	-6.4%	-3.7%	-4.1%	-10.4%	-3.8%	-4.9%	-0.1%	-3.4%	-4.8%	-2.7%	-1.1%	-2.7%	-5.9%	-3.5%	-3.3%	-3.4%	-4.1%	-1.9%	-5.4%	
2011-09-01	Class	8.1%	7.7%	2.7%	5.7%	5.3%	-1.6%	5.6%	4.4%	9.7%	6.0%	4.5%	6.7%	8.5%	6.7%	3.2%	5.9%	-3.3%	6.0%	-4.1%	-1.9%	3.8%	
2014-09-01	Specific	-16.6%	-15.3%	-19.2%	-14.8%	-17.2%	-22.1%	-20.5%	-19.3%	-14.2%	-17.1%	-17.4%	-15.8%	-14.6%	-15.8%	-17.6%	-17.6%	-17.0%	-17.5%	-17.3%	-16.8%	-16.9%	
2014-09-01	Class	-11.5%	-10.1%	-14.3%	-9.6%	-12.2%	-17.4%	-15.7%	-14.4%	-9.0%	-12.0%	-12.3%	-10.7%	-9.4%	-10.7%	-12.5%	-12.5%	-17.0%	-12.4%	-17.3%	-16.8%	-11.8%	
2015-09-01	Specific	-14.5%	-13.9%	-16.4%	-13.5%	-13.9%	-14.7%	-12.9%	-15.9%	-12.9%	-14.1%	-14.0%	-13.5%	-12.6%	-13.5%	-15.3%	-14.5%	-13.7%	-14.3%	-14.2%	-13.4%	-12.9%	
2015-09-01	Class	-9.4%	-8.7%	-11.4%	-8.4%	-8.7%	-9.5%	-7.7%	-10.9%	-7.7%	-9.0%	-8.8%	-8.4%	-7.4%	-8.4%	-10.2%	-9.4%	-13.7%	-9.2%	-14.2%	-13.4%	-7.7%	
2016-10-01	Specific	12.5%	5.0%	-2.9%	0.9%	1.2%	-2.6%	0.6%	-3.8%	1.8%	2.4%	1.7%	4.0%	3.8%	4.0%	0.7%	0.5%	2.4%	1.7%	2.4%	0.1%	6.8%	
2016-10-01	Class	21.2%	13.2%	4.7%	8.7%	9.1%	5.0%	8.4%	3.7%	9.7%	10.4%	9.6%	12.1%	11.9%	12.1%	8.5%	8.3%	2.4%	9.6%	2.4%	0.1%	15.1%	
2022-08-01	Specific	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	
2022-08-01	Class	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	

NEW JERSEY

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

TERRITORY: Newark

(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	
2006-05-01	Specific	-30.5%	-24.0%	-28.7%	-30.8%	-22.0%	-21.1%	-23.0%	-20.6%	-19.7%	-25.3%	-23.5%	-23.2%	-10.2%	-22.5%	-27.4%	-21.7%	-22.0%	-20.5%	-22.8%	-20.0%	-20.1%	
2006-05-01	Class	-9.2%	-0.8%	-7.0%	-9.7%	1.7%	3.0%	0.4%	3.6%	4.8%	-2.6%	-0.2%	0.2%	10.4%	1.1%	-5.1%	2.1%	-22.0%	3.8%	-22.8%	-20.0%	4.2%	
2007-08-01	Specific	-20.3%	-14.4%	-22.3%	-21.9%	-17.4%	-15.9%	-17.4%	-19.0%	-20.3%	-19.8%	-19.8%	-19.5%	-17.4%	-19.5%	-22.3%	-18.6%	-18.7%	-16.8%	-19.0%	-17.1%	-20.0%	
2007-08-01	Class	-8.3%	-1.6%	-10.7%	-10.2%	-5.0%	-3.3%	-5.1%	-6.8%	-8.3%	-7.8%	-7.8%	-7.5%	-5.1%	-7.5%	-10.6%	-6.4%	-18.7%	-4.3%	-19.0%	-17.1%	-8.0%	
2008-09-01	Specific	-30.3%	-23.4%	-26.2%	-24.0%	-24.0%	-23.1%	-24.2%	-25.5%	-28.3%	-25.2%	-25.3%	-24.9%	-22.5%	-24.9%	-26.8%	-23.7%	-24.3%	-21.3%	-24.6%	-19.0%	-26.4%	
2008-09-01	Class	-23.2%	-15.6%	-18.7%	-16.3%	-16.2%	-15.3%	-16.4%	-17.8%	-21.0%	-17.5%	-17.7%	-17.3%	-14.5%	-17.3%	-19.3%	-15.9%	-24.3%	-13.2%	-24.6%	-19.0%	-18.8%	
2010-07-01	Specific	-15.9%	-14.3%	-17.7%	-13.8%	-17.6%	-20.0%	-19.6%	-20.8%	-21.0%	-16.7%	-18.3%	-16.4%	-8.6%	-16.4%	-17.7%	-15.0%	-16.9%	-14.9%	-16.3%	-10.2%	-20.1%	
2010-07-01	Class	-16.3%	-14.7%	-18.1%	-14.2%	-18.0%	-20.4%	-20.0%	-21.2%	-21.4%	-17.1%	-18.7%	-16.8%	-9.1%	-16.8%	-18.1%	-15.4%	-16.9%	-15.3%	-16.3%	-10.2%	-20.5%	
2011-09-01	Specific	-2.5%	-2.9%	-7.4%	-4.7%	-5.1%	-11.3%	-4.8%	-5.9%	-1.1%	-4.4%	-5.8%	-3.8%	-2.1%	-3.8%	-6.9%	-4.5%	-4.3%	-4.4%	-5.1%	-2.9%	-6.4%	
2011-09-01	Class	7.0%	6.6%	1.6%	4.6%	4.2%	-2.6%	4.5%	3.3%	8.5%	4.9%	3.4%	5.6%	7.4%	5.6%	2.2%	4.8%	-4.3%	4.9%	-5.1%	-2.9%	2.7%	
2014-09-01	Specific	-11.1%	-9.6%	-13.8%	-9.1%	-11.7%	-16.9%	-15.2%	-13.9%	-8.5%	-11.5%	-11.9%	-10.2%	-8.9%	-10.2%	-12.0%	-12.0%	-11.4%	-11.9%	-11.8%	-11.2%	-11.3%	
2014-09-01	Class	-5.6%	-4.1%	-8.5%	-3.6%	-6.3%	-11.8%	-10.0%	-8.6%	-2.9%	-6.1%	-6.5%	-4.7%	-3.4%	-4.7%	-6.7%	-6.7%	-11.4%	-6.6%	-11.8%	-11.2%	-5.9%	
2015-09-01	Specific	-11.9%	-11.3%	-13.9%	-11.0%	-11.3%	-12.1%	-10.3%	-13.4%	-10.3%	-11.6%	-11.4%	-11.0%	-10.0%	-11.0%	-12.7%	-11.9%	-11.1%	-11.8%	-11.7%	-10.8%	-10.3%	
2015-09-01	Class	-6.7%	-6.0%	-8.7%	-5.6%	-6.0%	-6.9%	-5.0%	-8.3%	-5.0%	-6.3%	-6.1%	-5.6%	-4.6%	-5.6%	-7.5%	-6.7%	-11.1%	-6.5%	-11.7%	-10.8%	-5.0%	
2016-10-01	Specific	10.3%	3.1%	-4.7%	-1.0%	-0.7%	-4.4%	-1.3%	-5.6%	-0.1%	0.5%	-0.2%	2.1%	1.9%	2.1%	-1.2%	-1.4%	0.5%	-0.2%	0.5%	-1.8%	4.8%	
2016-10-01	Class	19.0%	11.1%	2.7%	6.7%	7.0%	3.0%	6.4%	1.7%	7.7%	8.3%	7.6%	10.0%	9.8%	10.0%	6.5%	6.3%	0.5%	7.6%	0.5%	-1.8%	12.9%	
2022-08-01	Specific	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
2022-08-01	Class	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	

NEW JERSEY

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

TERRITORY: Balance Of State (New Jersey)

(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	
2006-05-01	Specific	-28.5%	-21.9%	-26.7%	-28.9%	-19.9%	-18.9%	-20.9%	-18.4%	-17.4%	-23.3%	-21.4%	-21.1%	-7.7%	-20.4%	-25.3%	-19.6%	-19.9%	-18.3%	-20.7%	-17.7%	-17.9%	
2006-05-01	Class	-6.7%	1.9%	-4.3%	-7.2%	4.5%	5.8%	3.2%	6.4%	7.7%	0.1%	2.6%	3.0%	13.5%	3.9%	-2.5%	4.9%	-19.9%	6.6%	-20.7%	-17.7%	7.1%	
2007-08-01	Specific	-22.4%	-16.6%	-24.4%	-23.9%	-19.5%	-18.1%	-19.6%	-21.1%	-22.4%	-21.9%	-21.9%	-21.6%	-19.6%	-21.6%	-24.3%	-20.7%	-20.9%	-19.0%	-21.1%	-19.3%	-22.1%	
2007-08-01	Class	-10.7%	-4.2%	-13.1%	-12.5%	-7.5%	-5.9%	-7.6%	-9.3%	-10.7%	-10.2%	-10.2%	-9.9%	-7.6%	-9.9%	-13.0%	-8.9%	-20.9%	-6.9%	-21.1%	-19.3%	-10.5%	
2008-09-01	Specific	-30.6%	-23.7%	-26.5%	-24.3%	-24.3%	-23.4%	-24.5%	-25.8%	-28.6%	-25.5%	-25.6%	-25.2%	-22.8%	-25.2%	-27.1%	-24.0%	-24.6%	-21.6%	-24.9%	-19.3%	-26.7%	
2008-09-01	Class	-23.5%	-16.0%	-19.0%	-16.6%	-16.5%	-15.6%	-16.8%	-18.2%	-21.3%	-17.8%	-18.0%	-17.6%	-14.9%	-17.6%	-19.6%	-16.2%	-24.6%	-13.6%	-24.9%	-19.3%	-19.2%	
2010-07-01	Specific	-14.6%	-13.0%	-16.4%	-12.5%	-16.3%	-18.8%	-18.4%	-19.6%	-19.8%	-15.4%	-17.1%	-15.1%	-7.2%	-15.1%	-16.4%	-13.7%	-15.6%	-13.6%	-15.0%	-8.8%	-18.9%	
2010-07-01	Class	-15.0%	-13.4%	-16.8%	-12.9%	-16.7%	-19.2%	-18.8%	-20.0%	-20.2%	-15.8%	-17.5%	-15.5%	-7.7%	-15.5%	-16.8%	-14.1%	-15.6%	-14.0%	-15.0%	-8.8%	-19.3%	
2011-09-01	Specific	-6.6%	-6.9%	-11.2%	-8.7%	-9.0%	-15.0%	-8.8%	-9.8%	-5.2%	-8.4%	-9.7%	-7.7%	-6.2%	-7.7%	-10.8%	-8.5%	-8.3%	-8.4%	-9.0%	-6.9%	-10.3%	
2011-09-01	Class	2.6%	2.2%	-2.6%	0.2%	-0.2%	-6.7%	0.1%	-1.0%	4.1%	0.5%	-0.9%	1.2%	3.0%	1.2%	-2.1%	0.4%	-8.3%	0.5%	-9.0%	-6.9%	-1.6%	
2014-09-01	Specific	-13.0%	-11.6%	-15.7%	-11.1%	-13.6%	-18.7%	-17.0%	-15.8%	-10.5%	-13.4%	-13.8%	-12.1%	-10.9%	-12.1%	-13.9%	-13.9%	-13.3%	-13.8%	-13.7%	-13.2%	-13.2%	
2014-09-01	Class	-7.7%	-6.2%	-10.5%	-5.6%	-8.3%	-13.7%	-12.0%	-10.6%	-5.0%	-8.1%	-8.5%	-6.7%	-5.5%	-6.7%	-8.7%	-8.7%	-13.3%	-8.6%	-13.7%	-13.2%	-7.9%	
2015-09-01	Specific	-12.3%	-11.7%	-14.2%	-11.3%	-11.7%	-12.5%	-10.7%	-13.8%	-10.7%	-11.9%	-11.8%	-11.3%	-10.3%	-11.3%	-13.1%	-12.3%	-11.5%	-12.1%	-12.0%	-11.1%	-10.7%	
2015-09-01	Class	-7.0%	-6.4%	-9.1%	-6.0%	-6.4%	-7.2%	-5.4%	-8.6%	-5.4%	-6.7%	-6.5%	-6.0%	-5.0%	-6.0%	-7.9%	-7.0%	-11.5%	-6.8%	-12.0%	-11.1%	-5.4%	
2016-10-01	Specific	11.3%	4.0%	-3.9%	-0.1%	0.2%	-3.6%	-0.4%	-4.8%	0.8%	1.4%	0.7%	3.0%	2.8%	3.0%	-0.3%	-0.5%	1.4%	0.7%	1.4%	-0.9%	5.7%	
2016-10-01	Class	20.0%	12.1%	3.6%	7.7%	8.0%	4.0%	7.3%	2.7%	8.6%	9.3%	8.5%	11.0%	10.8%	11.0%	7.4%	7.2%	1.4%	8.5%	1.4%	-0.9%	14.0%	
2022-08-01	Specific	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
2022-08-01	Class	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	

NEW JERSEY
BASIC GROUP II
HISTORY OF LOSS COST LEVEL CHANGES
BY TERRITORY, SYMBOL, AND COVERAGE

(1)	(2)	(3)	(4)	(5)
Territory	Effective Date	Symbol	Building	Contents
Territory I	5/1/2006	A	0.0%	0.0%
		AA	0.0%	0.0%
		AB	0.0%	0.0%
		B	1.7%	2.6%
	8/1/2007	A	-5.6%	0.0%
		AA	-5.9%	0.0%
		AB	-2.9%	-4.2%
		B	1.7%	-2.5%
	9/1/2008	A	-11.8%	-8.3%
		AA	-12.5%	-9.1%
		AB	-11.8%	-13.0%
		B	-11.7%	-12.8%
	7/1/2010	A	-6.7%	-18.2%
		AA	-7.1%	-20.0%
		AB	-6.7%	-5.0%
		B	-7.5%	-5.9%
	9/1/2011	A	-7.1%	0.0%
		AA	-7.9%	0.0%
		AB	-12.5%	0.0%
		B	-3.0%	13.7%
	9/1/2014	A	0.0%	0.0%
		AA	0.0%	0.0%
		AB	0.0%	0.0%
		B	0.0%	0.0%
	9/1/2015	A	-7.7%	-7.9%
		AA	-8.6%	-11.8%
		AB	-8.2%	-10.6%
		B	-3.1%	-5.2%
	10/1/2016	A	-5.6%	-5.7%
		AA	-6.3%	-6.7%
		AB	-4.4%	-4.8%
		B	-4.8%	-1.8%
	8/1/2022	A	5.9%	6.1%
		AA	6.7%	7.1%
		AB	4.7%	5.0%
		B	5.0%	3.7%
Territory II	5/1/2006	A	-7.4%	0.0%

NEW JERSEY
BASIC GROUP II
HISTORY OF LOSS COST LEVEL CHANGES
BY TERRITORY, SYMBOL, AND COVERAGE

(1)	(2)	(3)	(4)	(5)
Territory	Effective Date	Symbol	Building	Contents
		AA	-8.0%	0.0%
		AB	0.0%	0.0%
		B	3.9%	4.7%
	8/1/2007	A	-4.0%	0.0%
		AA	-4.3%	0.0%
		AB	-2.3%	-3.8%
		B	10.0%	4.4%
	9/1/2008	A	-8.3%	-7.7%
		AA	-9.1%	-8.3%
		AB	-9.3%	-12.0%
		B	-6.8%	-12.8%
	7/1/2010	A	-9.1%	-8.3%
		AA	-10.0%	-9.1%
		AB	-7.7%	-9.1%
		B	-4.9%	-7.3%
	9/1/2011	A	-3.1%	14.0%
		AA	-3.4%	12.8%
		AB	-10.5%	31.4%
		B	1.9%	39.0%
	9/1/2014	A	0.0%	0.0%
		AA	0.0%	0.0%
		AB	0.0%	0.0%
		B	0.0%	0.0%
	9/1/2015	A	-3.2%	2.0%
		AA	-3.5%	2.3%
		AB	-5.2%	-11.9%
		B	3.7%	8.5%
	10/1/2016	A	0.0%	-2.0%
		AA	0.0%	-2.2%
		AB	1.4%	-1.7%
		B	3.6%	1.1%
	8/1/2022	A	4.9%	6.1%
		AA	5.5%	6.8%
		AB	4.1%	3.4%
		B	1.7%	3.3%
Territory III	5/1/2006	A	0.0%	-6.7%
		AA	0.0%	-7.1%

NEW JERSEY
BASIC GROUP II
HISTORY OF LOSS COST LEVEL CHANGES
BY TERRITORY, SYMBOL, AND COVERAGE

(1) Territory	(2) Effective Date	(3) Symbol	(4) Building	(5) Contents
		AB	4.2%	0.0%
		B	2.3%	2.1%
	8/1/2007	A	-3.7%	0.0%
		AA	-4.2%	0.0%
		AB	-2.0%	-3.4%
		B	11.4%	4.1%
	9/1/2008	A	-7.7%	-14.3%
		AA	-8.7%	-7.7%
		AB	-8.2%	-14.3%
		B	-6.1%	-13.7%
	7/1/2010	A	-4.2%	-8.3%
		AA	-4.8%	-8.3%
		AB	-6.7%	-4.2%
		B	-5.4%	-4.5%
	9/1/2011	A	37.9%	38.6%
		AA	37.3%	40.0%
		AB	23.6%	39.6%
		B	40.0%	39.3%
	9/1/2014	A	0.0%	0.0%
		AA	0.0%	0.0%
		AB	0.0%	0.0%
		B	0.0%	0.0%
	9/1/2015	A	-5.4%	16.2%
		AA	-6.3%	13.9%
		AB	-6.1%	12.2%
		B	4.5%	40.0%
	10/1/2016	A	-3.5%	-1.4%
		AA	-3.9%	-1.6%
		AB	-1.9%	1.2%
		B	-1.2%	13.4%
	8/1/2022	A	6.0%	4.3%
		AA	6.8%	3.2%
		AB	5.0%	1.2%
		B	3.8%	1.5%

NEW JERSEY

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>
2006-05-01	-13.8%	-14.6%	-19.3%	-21.7%	-23.2%									
2007-08-01	19.5%	12.6%	22.4%	-0.2%	14.2%									
2008-09-01	-7.6%	-5.3%	6.6%	-4.3%	-3.8%									
2010-07-01	-17.8%	-7.1%	-4.6%	4.2%	-2.6%									
2011-09-01	-19.1%	-22.6%	-15.6%	-15.9%	-13.5%	-14.1%	-14.4%	-14.3%	-14.6%	-9.6%	-9.8%	-5.8%	-11.6%	-9.1%
2014-09-01	23.6%	1.3%	12.7%	12.6%	11.4%	11.9%	11.3%	-9.1%	12.3%	16.9%	21.9%	3.6%	10.1%	8.5%
2015-09-01	9.3%	-2.6%	3.3%	2.8%	2.7%	3.3%	3.8%	-11.1%	3.5%	10.8%	6.9%	8.8%	5.0%	2.2%
2016-10-01	13.2%	7.4%	7.4%	10.3%	12.8%	11.6%	11.9%	4.6%	10.5%	16.3%	14.7%	17.4%	20.6%	7.7%
2022-08-01	0.2%	0.2%	2.0%	5.7%	8.8%	4.7%	4.0%	6.8%	0.2%	6.2%	8.0%	5.2%	6.4%	-0.2%

NEW JERSEY

BASIC GROUP I 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	0.860	0.500	1.500
32	Apartment	0.759	0.500	1.500
33	Office	0.774	0.500	1.500
34	Mercantile	0.951	0.500	1.500
35	Institutional	0.925	0.500	1.500
36	Services	0.851	0.500	1.500
37	Indust/Processing	0.769	0.500	1.500
38	Contractors	0.957	0.500	1.500

NEW JERSEY

BASIC GROUP II 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	1.010	0.500	1.500
32	Apartment	0.648	0.500	1.500
33	Office	0.640	0.500	1.500
34	Mercantile	0.857	0.500	1.500
35	Institutional	0.546	0.500	1.500
36	Services	1.433	0.500	1.500
37	Indust/Processing	1.273	0.500	1.500
38	Contractors	0.909	0.500	1.500

NEW JERSEY

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	Low <u>Cap</u>	High <u>Cap</u>
31	Motel/Hotel	1.177	0.500	1.500
32	Apartment	1.272	0.500	1.500
33	Office	0.998	0.500	1.500
34	Mercantile	0.804	0.500	1.500
35	Institutional	1.111	0.500	1.500
36	Services	0.808	0.500	1.500
37	Indust/Processing	0.600	0.500	1.500
38	Contractors	0.927	0.500	1.500

NEW JERSEY

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 ^(a)

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 ²)	0.984	0.932	0.940
Loss Projection Factor = $(1.0 + \text{AROC})^{(24.5/12)}$	1.1582	1.1488	1.1593

NEW JERSEY

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending December 31, 2022

Part C: Calculation of Current Cost Factors (CCF)

<u>Calendar Year Averages</u>				<u>Current Cost Factors Based on Average Index Values for Period ending December 31, 2022</u>		
<u>Year</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.

NEW JERSEY

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.

NEW JERSEY

DEVELOPMENT OF LTA'SI. EXTERNAL RATE OF CHANGE^a

Calendar Year	(1) Buildings Current Cost Factor	(2) Contents Current Cost Factor	(3) Time Element Cost Factor	(4) Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	(5) Basic Group II (BGII) Weights
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: ^b $(1.0 + \text{Annual Rate of Change})^{(X/12)}$	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^c

	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.

NEW JERSEY

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	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</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	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</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	Effect	LTA ^f
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</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.

NEW JERSEY

EXPOSURE TREND
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

Year	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2022 Written Factors	(3) ^b 6/1/2024 Projected Factors	(4) ^c 6/1/2024 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2022 Written Factors	(7) ^b 6/1/2024 Projected Factors	(8) ^c 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) ^a	(2) ^a	(3) ^b	(4) ^c
	Annual	7/1/2022	6/1/2024	6/1/2024
	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</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

	<u>Buildings</u>				<u>Contents</u>			
	(1) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	Annual	7/1/2022	6/1/2024	6/1/2024	Annual	7/1/2022	6/1/2024	6/1/2024
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
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:

<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 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

	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2022 Written Factors	(3) ^b 6/1/2024 Projected Factors	(4) ^c 6/1/2024 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2022 Written Factors	(7) ^b 6/1/2024 Projected Factors	(8) ^c 6/1/2024 Earned Factors
Year								
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:

<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 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) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	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%	1.280	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:

<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 are 1.092 for Buildings and 1.044 for Contents.

NEW JERSEY

BASIC GROUP I

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted	Trended	Average	Split %		
	Incurring <u>Losses</u>	Incurring <u>Losses</u>	Total Loss Trend Factor <u>(2) / (1)</u>	<u>Buildings</u>	<u>Contents</u>	Time <u>Element</u>
2017	20,758,655	33,136,892	1.596	70.6%	18.5%	10.9%
2018	29,550,556	45,803,853	1.550	74.0%	15.7%	10.3%
2019	54,773,576	81,157,222	1.482	86.7%	8.0%	5.3%
2020	31,202,060	44,827,445	1.437	44.4%	45.8%	9.8%
2021	40,002,836	52,551,454	1.314	76.6%	16.8%	6.6%

NEW JERSEY

BASIC GROUP II

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

Year	(1)	(2)	(3)	(4)		
	Non-Hurricane**	Non-Hurricane**	Average			
	Unadjusted	Trended	Total Loss	Split %		
	Incurred	Incurred	Trend Factor			Time
	Losses	Losses	(2) / (1)	Buildings	Contents	Element
2012	6,617,950	13,242,698	2.001	76.0%	19.2%	4.8%
2013	2,839,153	5,668,220	1.996	69.3%	26.6%	4.1%
2014	7,194,366	13,805,837	1.919	63.1%	32.9%	4.0%
2015	7,316,096	12,967,256	1.772	75.6%	16.4%	8.0%
2016	6,172,545	10,882,994	1.763	71.0%	19.0%	10.0%
2017	5,153,147	8,920,200	1.731	75.8%	21.5%	2.7%
2018	7,517,691	12,218,226	1.625	78.3%	17.3%	4.4%
2019	6,410,462	10,022,063	1.563	84.9%	13.4%	1.7%
2020	15,462,862	22,747,258	1.471	75.7%	19.4%	4.9%
2021	13,182,104	17,977,893	1.364	75.7%	23.1%	1.2%

** Losses incurred during the month of a hurricane have been excluded and replaced with average non-hurricane losses.

NEW JERSEY

SPECIAL CAUSES OF LOSS

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1)	(2)	(3)	(4)		
	Unadjusted	Trended	Average	Split %		
	Incurred	Incurred	Total Loss			
	<u>Losses</u>	<u>Losses</u>	Trend Factor			
			(2) / (1)	<u>Buildings</u>	<u>Contents</u>	<u>Time</u>
						<u>Element</u>
2017	9,699,615	15,321,530	1.580	63.1%	34.0%	2.9%
2018	17,751,421	27,097,152	1.526	64.2%	30.5%	5.3%
2019	14,011,932	20,700,906	1.477	58.5%	36.5%	5.0%
2020	15,413,105	21,892,358	1.420	55.9%	37.4%	6.7%
2021	17,340,270	23,156,431	1.335	54.6%	38.5%	6.9%

NEW JERSEY

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				

Year Ending	Ratios			
	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

NEW JERSEY

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

NEW JERSEY

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

NEW JERSEY

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

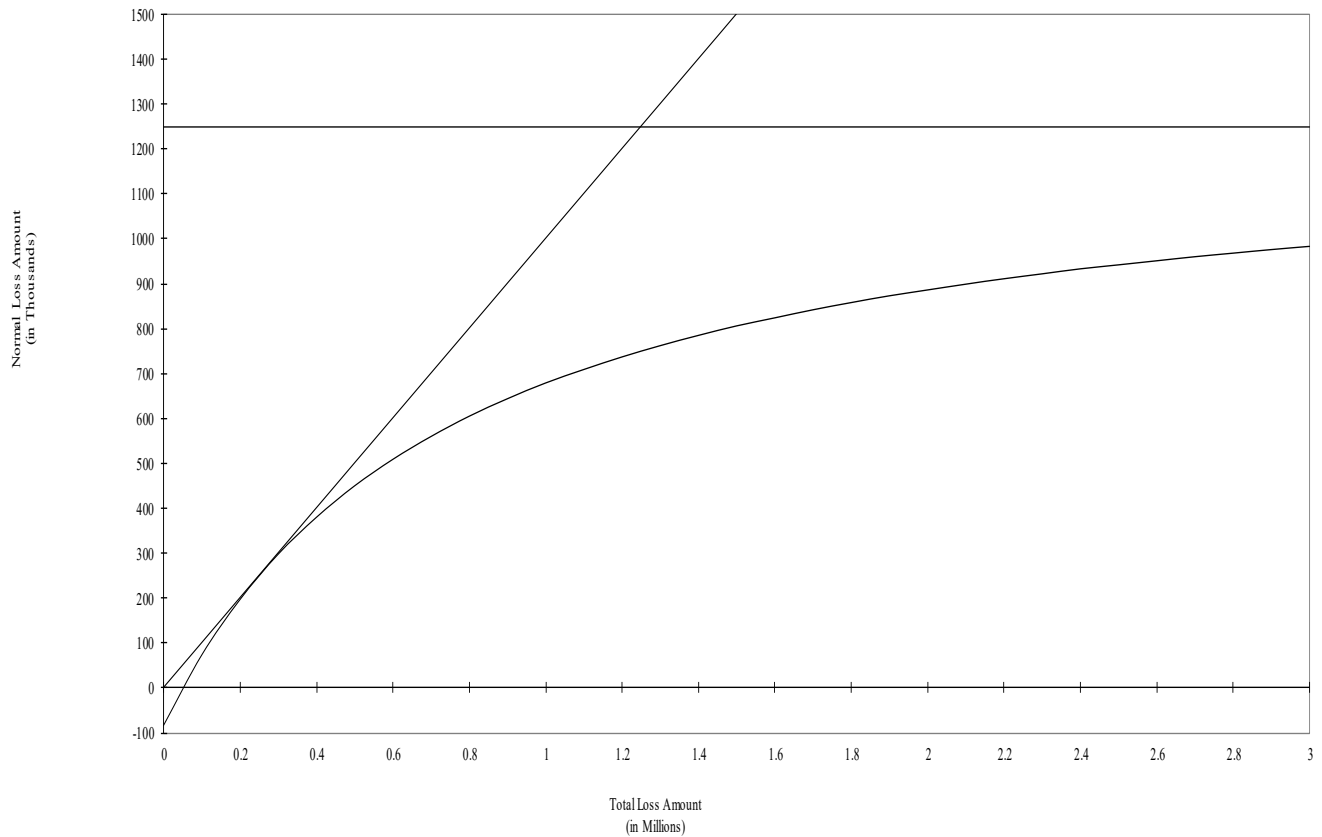
* Amount of
Insurance

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

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



NEW JERSEY

BASIC GROUP I

ADDITIONAL EXCESS LOSS INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
	Trended	Trended	State	Multi-	Adjusted	State
	Incurred	Normal	Normal %	State	Incurred	Average
<u>Year</u>	<u>Losses</u>	<u>Losses</u>	<u>(2)/(1)</u>	<u>%</u>	<u>Losses</u>	<u>Excess</u>
						<u>Factor</u>
						<u>(5)/(2)</u>
2017	33,136,892	25,879,211	78.1%	48.0%	35,894,396	1.387
2018	45,803,853	34,489,202	75.3%	72.8%	46,431,666	1.346
2019	81,157,222	26,950,311	33.2%	66.2%	37,313,725	1.385
2020	44,827,445	30,072,051	67.1%	70.1%	42,494,297	1.413
2021	52,551,454	30,425,036	57.9%	71.3%	41,629,897	1.368

NEW JERSEY
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)
		Non-Hurricane	Normal	Normal	State
	Earned	Incurred	Incurred	Loss	Excess
Year	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>
1951	2,887,087	15,794,591	1,443,544	0.500	4.971
1952	3,742,018	2,060,049	1,871,009	0.500	0.051
1953	4,703,707	2,692,299	2,351,854	0.500	0.072
1956	6,751,892	1,742,315	1,742,315	0.258	0.000
1957	8,123,699	1,406,094	1,406,094	0.173	0.000
1958	9,019,949	2,103,836	2,103,836	0.233	0.000
1959	9,690,911	1,476,821	1,476,821	0.152	0.000
1961	10,497,651	2,613,177	2,613,177	0.249	0.000
1962	10,166,947	3,800,124	3,800,124	0.374	0.000
1963	9,563,888	2,653,326	2,653,326	0.277	0.000
1964	8,711,633	1,810,980	1,810,980	0.208	0.000
1965	7,856,634	1,392,940	1,392,940	0.177	0.000
1966	7,145,243	2,151,269	2,151,269	0.301	0.000
1967	6,885,174	6,375,133	3,442,587	0.500	0.426
1968	6,009,054	2,120,892	2,120,892	0.353	0.000
1969	6,123,912	1,665,078	1,665,078	0.272	0.000
1970	7,977,213	2,527,633	2,527,633	0.317	0.000
1971	10,569,243	3,174,228	3,174,228	0.300	0.000
1972	12,881,028	4,300,081	4,300,081	0.334	0.000
1973	13,491,157	5,324,273	5,324,273	0.395	0.000
1974	13,549,224	8,670,448	6,774,612	0.500	0.140
1975	14,136,129	5,003,970	5,003,970	0.354	0.000
1977	16,292,300	5,019,228	5,019,228	0.308	0.000
1978	17,575,464	6,393,804	6,393,804	0.364	0.000
1979	19,246,651	9,306,824	9,306,824	0.484	0.000
1980	19,355,019	10,064,999	9,677,510	0.500	0.020
1981	18,703,927	6,500,062	6,500,062	0.348	0.000
1982	19,082,304	7,904,523	7,904,523	0.414	0.000
1983	18,508,020	7,557,168	7,557,168	0.408	0.000
1984	17,518,116	14,349,259	8,759,058	0.500	0.319
1985	25,124,412	8,726,541	8,726,541	0.347	0.000
1986	39,583,284	6,300,508	6,300,508	0.159	0.000
1987	40,547,154	7,241,504	7,241,504	0.179	0.000
1988	40,779,699	9,512,945	9,512,945	0.233	0.000
1989	26,968,551	10,539,289	10,539,289	0.391	0.000
1990	23,563,200	6,683,697	6,683,697	0.284	0.000
1991	23,906,628	3,717,128	3,717,128	0.155	0.000
1992	23,241,714	16,799,939	11,620,857	0.500	0.223
1993	21,845,556	9,996,083	9,996,083	0.458	0.000
1994	21,563,709	10,753,812	10,753,812	0.499	0.000
1995	19,064,772	3,896,390	3,896,390	0.204	0.000
1996	17,755,317	7,514,103	7,514,103	0.423	0.000
1997	18,712,644	5,912,571	5,912,571	0.316	0.000
1998	17,202,792	3,790,514	3,790,514	0.220	0.000

NEW JERSEY
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)
		Non-Hurricane	Normal	Normal	State
	Earned	Incurred	Incurred	Loss	Excess
<u>Year</u>	<u>Premiums</u>	<u>Losses</u>	<u>Losses</u>	<u>Ratio</u>	<u>Ratio</u>
1999	15,449,061	2,146,033	2,146,033	0.139	0.000
2000	14,287,491	3,971,959	3,971,959	0.278	0.000
2001	15,693,168	1,925,445	1,925,445	0.123	0.000
2002	19,040,322	3,049,049	3,049,049	0.160	0.000
2003	18,954,531	4,779,162	4,779,162	0.252	0.000
2004	19,734,231	1,627,464	1,627,464	0.082	0.000
2005	19,586,961	1,829,283	1,829,283	0.093	0.000
2006	19,326,069	3,364,088	3,364,088	0.174	0.000
2007	20,903,436	2,708,672	2,708,672	0.130	0.000
2008	21,608,718	4,424,423	4,424,423	0.205	0.000
2009	21,833,139	5,576,379	5,576,379	0.255	0.000
2010	22,252,818	14,437,042	11,126,409	0.500	0.149
2011	21,591,294	5,287,351	5,287,351	0.245	0.000
2012	24,063,747	6,618,010	6,618,010	0.275	0.000
2013	25,988,433	2,839,153	2,839,153	0.109	0.000
2014	27,569,178	7,194,366	7,194,366	0.261	0.000
2015	27,848,172	7,316,096	7,316,096	0.263	0.000
2016	29,318,982	6,172,545	6,172,545	0.211	0.000
2017	31,543,215	5,153,147	5,153,147	0.163	0.000
2018	31,385,625	7,585,347	7,585,347	0.242	0.000
2019	32,444,790	6,545,080	6,545,080	0.202	0.000
2020	34,070,304	16,174,154	16,174,154	0.475	0.000
2021	36,509,889	14,342,129	14,342,129	0.393	0.000
Total				20.151	6.371
(7) State Excess Component = Total (5) ÷ Total (4) =					0.316
(9) State Excess Multiplier = (1.00 + (7)) =					1.316

NEW JERSEY
DEVELOPMENT OF SPECIAL CAUSES OF LOSS EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)
			Normal	Normal	State
	Earned	Incurred	Incurred	Loss	Excess
Year	Premiums	Losses	Losses	Ratio	Ratio
1985	13,577,688	11,023,729	10,148,303	0.747	0.065
1986	19,406,364	14,933,619	11,650,786	0.600	0.170
1987	22,043,028	12,444,154	12,444,154	0.565	-
1988	22,692,048	11,858,818	11,858,818	0.523	-
1989	24,083,136	15,649,780	15,649,780	0.650	-
1990	28,864,452	16,392,534	16,392,534	0.568	-
1991	29,397,708	17,996,160	17,996,160	0.612	-
1992	27,628,881	23,035,188	19,744,727	0.715	0.119
1993	26,486,196	20,817,662	19,213,710	0.725	0.061
1994	22,635,678	34,524,936	20,210,768	0.893	0.632
1995	23,765,139	12,312,466	12,312,466	0.518	-
1996	23,087,394	20,886,443	14,415,860	0.624	0.281
1997	20,241,231	8,077,263	8,077,263	0.399	-
1998	19,191,570	8,814,245	8,814,245	0.459	-
1999	18,077,943	13,452,840	11,454,602	0.634	0.110
2000	16,470,459	9,359,577	9,359,577	0.568	-
2001	17,049,081	6,146,961	6,146,961	0.361	-
2002	18,933,615	7,223,713	7,223,713	0.382	-
2003	19,583,910	13,648,175	10,512,342	0.537	0.160
2004	19,467,741	9,744,357	9,744,357	0.501	-
2005	17,902,617	7,773,917	7,773,917	0.434	-
2006	18,855,774	6,159,435	6,159,435	0.327	-
2007	19,277,193	10,921,821	10,921,821	0.567	-
2008	19,350,027	10,582,271	10,582,271	0.547	-
2009	20,750,544	11,473,396	11,473,396	0.553	-
2010	21,383,601	18,277,979	17,660,132	0.826	0.029
2011	21,108,210	19,168,797	18,295,787	0.867	0.041
2012	22,008,246	16,960,634	13,603,517	0.618	0.153
2013	23,299,014	9,603,360	9,603,360	0.412	-
2014	23,032,452	28,999,408	17,595,120	0.764	0.495
2015	22,793,082	14,984,245	13,386,989	0.587	0.070
2016	22,430,460	15,167,789	14,116,670	0.629	0.047
2017	29,100,432	9,699,615	9,699,615	0.333	-
2018	31,565,757	17,751,421	16,495,511	0.523	0.039
2019	33,303,093	14,011,932	14,011,932	0.421	-
2020	35,802,747	15,413,105	15,413,105	0.431	-
2021	38,318,298	17,340,270	17,340,270	0.453	-
Total	852,964,809	532,632,015	477,503,974	20.873	2.472

(6) State Excess Component = Total (5) ÷ Total (4) = 0.118

(7) State Excess Multiplier = 1.00 + (6) = 1.118

NEW JERSEY
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	637,892
(5) Five Year Aggregate Loss Costs	191,089,386
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	299.564
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,343,697,318
(8) Statewide Credibility ((5)/(7))**(5)	37.7%

NEW JERSEY
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	1,210,322
(5) Ten Year Aggregate Loss Costs	226,609,918
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	187.231
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	968,325,030
(8) Statewide Credibility $((5)/(7))^{**}(.5)$	48.4%

NEW JERSEY
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	633,701
(5) Five Year Aggregate Loss Costs	122,199,874
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	192.835
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,075,681,839
(8) Statewide Credibility ((5)/(7))**(,.5)	33.7%

NEW JERSEY
CALCULATION OF INDICATED BASIC GROUP II LOSS COSTS

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Accident Year		Current	Statewide	Indicated		Indicated	Indicated
			BGII Agg	Current	Non-Hurr	Monoline	Non-Hurr	Hurricane	Total	Percent
Territory	Coverage	Symbol	Loss Costs	Loss Cost	Loss Cost	Non-Hurr.	Loss Cost	Modeled	Loss Cost	Change
						Change	(3) * (4)	Loss Cost	(5) + (6)	(7)/(2) - 1
Territory I	Buildings	AA	24,781	0.032	0.024	1.156	0.028	0.008	0.036	12.5%
		A	133,247	0.036	0.027	1.156	0.031	0.009	0.040	11.1%
		AB	2,320,889	0.045	0.035	1.156	0.040	0.010	0.050	11.1%
		B	14,440,548	0.063	0.041	1.156	0.047	0.023	0.070	11.1%
	Contents	AA	5,484	0.030	0.024	1.156	0.028	0.006	0.034	13.3%
		A	21,199	0.035	0.028	1.156	0.032	0.007	0.039	11.4%
		AB	474,583	0.042	0.034	1.156	0.039	0.008	0.047	11.9%
		B	2,547,671	0.056	0.037	1.156	0.043	0.019	0.062	10.7%
	Sub-Total		19,968,402							11.1%
Territory II	Buildings	AA	810	0.058	0.026	1.156	0.030	0.032	0.062	6.9%
		A	11,091	0.064	0.029	1.156	0.034	0.036	0.070	9.4%
		AB	259,881	0.077	0.037	1.156	0.043	0.041	0.084	9.1%
		B	1,640,168	0.118	0.043	1.156	0.050	0.078	0.128	8.5%
	Contents	AA	486	0.047	0.024	1.156	0.028	0.023	0.051	8.5%
		A	889	0.052	0.027	1.156	0.031	0.025	0.056	7.7%
		AB	39,881	0.060	0.032	1.156	0.037	0.028	0.065	8.3%
		B	260,321	0.093	0.036	1.156	0.042	0.056	0.098	5.4%
	Sub-Total		2,213,527							8.2%
Territory III	Buildings	AA	126	0.078	0.024	1.156	0.028	0.054	0.082	5.1%
		A	60,302	0.088	0.028	1.156	0.032	0.060	0.092	4.5%
		AB	100,873	0.106	0.036	1.156	0.042	0.070	0.112	5.7%
		B	1,278,862	0.165	0.042	1.156	0.049	0.125	0.174	5.5%
	Contents	AA	92	0.065	0.024	1.156	0.028	0.043	0.071	9.2%
		A	296	0.073	0.027	1.156	0.031	0.048	0.079	8.2%
		AB	12,236	0.085	0.032	1.156	0.037	0.056	0.093	9.4%
		B	189,459	0.137	0.036	1.156	0.042	0.106	0.148	8.0%
	Sub-Total		1,642,246							5.8%
State Total			23,824,175							10.4%

NEW JERSEY

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

BASIC GROUP I RATING GROUP DEFINITIONS04 OTHER MERCANTILES

- 0431 Sole Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage, Other than Food Risks
- 0432 Sole Occupancy Mercantile, Over 15,000 Square Feet, Food Risks, Buildings and Personal Property
- 0433 Multiple Occupancy Mercantile, Over 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0434 Multiple Occupancy Mercantile, Less than 15,000 Square Feet, Building Coverage Only, Not Fire Class Rated
- 0511 Risks Having Low Susceptibility Personal Property, NOC
- 0512 Tire, Battery and Accessory Dealers Without Tire Recapping and Vulcanizing
- 0520 Wearing Apparel, Textiles, Shoes
- 0531 Alcoholic Beverages other than Bars
- 0532 Food Products including Retail Bakeries (no baking and no cooking on premises; sales only); Beverages other than Alcoholic
- 0533 Retail Bakeries - Baking on Premises (No delivery to other outlets)
- 0534 Food Products with Limited Cooking, Excluding Bakeries
- 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 & 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
 2205 Baking on Premises, Delivery to Outlets, and Food Products Manufacturing - Using Cannabis as an Ingredient
 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

NEW JERSEY

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.

New Jersey

BASIC GROUP I

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2017	29,997,312	20,758,655	0.692
2018	29,582,306	29,550,556	0.999
2019	30,527,890	54,773,576	1.794
2020	32,656,173	31,202,060	0.955
2021	34,814,687	40,002,836	1.149

NEW JERSEY

BASIC GROUP II

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Non-Hurricane Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2012	13,596,019	6,617,950	0.487
2013	14,683,464	2,839,153	0.193
2014	15,576,586	7,194,366	0.462
2015	15,734,215	7,316,096	0.465
2016	16,565,225	6,172,545	0.373
2017	17,821,914	5,153,147	0.289
2018	17,732,878	7,517,691	0.424
2019	18,331,305	6,410,462	0.350
2020	19,249,721	15,462,862	0.803
2021	20,628,087	13,182,104	0.639

NEW JERSEY

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	16,441,744	9,699,615	0.590
2018	17,834,654	17,751,421	0.995
2019	18,816,248	14,011,932	0.745
2020	20,228,552	15,413,105	0.762
2021	21,649,841	17,340,270	0.801

NEW JERSEY

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.

NEW JERSEY 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

70. CAUSES OF LOSS – BASIC FORM

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

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

		Symbol/Loss Cost			
		AA	A	AB	B
Territory I					
Building		<u>.036.032</u>	<u>.040.036</u>	<u>.050.045</u>	<u>.070.063</u>
Contents		<u>.034.030</u>	<u>.039.035</u>	<u>.047.042</u>	<u>.062.056</u>
Territory II					
Building		<u>.062.058</u>	<u>.070.064</u>	<u>.084.077</u>	<u>.128.118</u>
Contents		<u>.051.047</u>	<u>.056.052</u>	<u>.065.060</u>	<u>.098.093</u>
Territory III					
Building		<u>.082.078</u>	<u>.092.088</u>	<u>.112.106</u>	<u>.174.165</u>
Contents		<u>.071.065</u>	<u>.079.073</u>	<u>.093.085</u>	<u>.148.137</u>

72. CAUSES OF LOSS – SPECIAL FORM

E.2. Rating Procedure – Property Damage – Other than Builders' Risk**b.(1) Building Coverage – Loss Cost: .043****c.(2) Personal Property Coverage – Loss Costs**

Occupancy Category	Loss Cost
Residential Apartments and Condominiums	<u>.197-.204</u>
Offices	<u>.218-.228</u>
Mercantile – High	<u>.256-.230</u>
Mercantile – Medium	<u>.220-.204</u>
Mercantile – Low	<u>.150-.144</u>
Motels and Hotels	<u>.111-.108</u>
Institutional – High	<u>.086-.084</u>
Institutional – Low	<u>.066-.070</u>
Industrial and Processing – High	<u>.224-.207</u>
Industrial and Processing – Low	<u>.199-.167</u>
Service – High	<u>.214-.203</u>
Service – Low	<u>.143-.129</u>
Contractors	<u>.232-.250</u>
Territory (County)	Territorial Multiplier
Essex, excluding the Newark International Airport and the Port Newark Marine Terminal (Refer to Note below.)	1.275
Camden	1.227
Atlantic	1.473
Bergen, Hudson, Passaic	1.060
Remainder of State	1.000

Note

The following description applies to the territory of Essex:

Essex, excluding the Newark International Airport and the Port Newark Marine Terminal. Newark International Airport (Newark portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US Highways 1 and 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.

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NEW JERSEY (29)

85. BASIC GROUP I CLASS LOSS COSTS

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
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	1 Family Dwellings (Lessor's Risk)					
0197	2 Family Dwellings (Lessor's Risk)					
0198	3 or 4 Family Dwellings (Lessor's Risk)					
0311	Apartments without Mercantile Occupancies – Up to 10 Units					
0312	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)	0.106	0.096	0.085	0.069	0.062
	Contents (2)	0.106	0.096	0.089	0.079	0.075
0075	Building (1)	0.106	0.096	0.085	0.069	0.062
	Contents (2)	0.106	0.096	0.089	0.079	0.075
0076	Building (1)	0.106	0.096	0.085	0.069	0.062
	Contents (2)	0.106	0.096	0.089	0.079	0.075
0077	Building (1)	0.097	0.087	0.076	0.062	0.057
	Contents (2)	0.101	0.089	0.086	0.076	0.070
0078	Building (1)	0.097	0.087	0.076	0.062	0.057
	Contents (2)	0.101	0.089	0.086	0.076	0.070
0079	Building (1)	0.097	0.087	0.076	0.062	0.057
	Contents (2)	0.101	0.089	0.086	0.076	0.070
0196	Building (1)	0.064	0.058	0.051	0.042	0.039
	Contents (2)	0.074	0.064	0.060	0.055	0.050
0197	Building (1)	0.064	0.058	0.051	0.042	0.039
	Contents (2)	0.074	0.064	0.060	0.055	0.050
0198	Building (1)	0.064	0.058	0.051	0.042	0.039
	Contents (2)	0.074	0.064	0.060	0.055	0.050
0311	Building (1)	0.216	0.195	0.172	0.140	0.130
	Contents (2)	0.245	0.220	0.208	0.184	0.172
0312	Building (1)	0.216	0.195	0.172	0.140	0.130
	Contents (2)	0.245	0.220	0.208	0.184	0.172
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
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					
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)
0313	Building (1)	0.216	0.195	0.172	0.140	0.130
	Contents (2)	0.245	0.220	0.208	0.184	0.172
0321	Building (1)	0.333	0.301	0.266	0.216	0.198
	Contents (2)					
	A	0.495	0.447	0.420	0.371	0.346
	B&C	0.580	0.521	0.493	0.432	0.406
0322	Building (1)	0.333	0.301	0.266	0.216	0.198
	Contents (2)					
	A	0.495	0.447	0.420	0.371	0.346
	B&C	0.580	0.521	0.493	0.432	0.406
0323	Building (1)	0.333	0.301	0.266	0.216	0.198
	Contents (2)					
	A	0.495	0.447	0.420	0.371	0.346
	B&C	0.580	0.521	0.493	0.432	0.406
0331	Building (1)	0.122	0.108	0.098	0.078	0.074
	Contents (2)	0.106	0.094	0.090	0.080	0.074
0332	Building (1)	0.122	0.108	0.098	0.078	0.074
	Contents (2)	0.106	0.094	0.090	0.080	0.074
0333	Building (1)	0.122	0.108	0.098	0.078	0.074
	Contents (2)	0.106	0.094	0.090	0.080	0.074
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
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					
0511	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
0512	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
0520	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
0531	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)
0341	Building (1)	0.186	0.170	0.153	0.123	0.112
	Contents (2)					
	A	0.214	0.192	0.180	0.160	0.150
0342	B&C	0.251	0.223	0.214	0.186	0.174
	Building (1)	0.186	0.170	0.153	0.123	0.112
	Contents (2)					
0343	A	0.214	0.192	0.180	0.160	0.150
	B&C	0.251	0.223	0.214	0.186	0.174
	Building (1)	0.186	0.170	0.153	0.123	0.112
0511	Contents (2)					
	A	0.214	0.192	0.180	0.160	0.150
	B&C	0.251	0.223	0.214	0.186	0.174
0512	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.140	0.127	0.117	0.105	0.098
	A	0.092	0.082	0.074	0.060	0.055
0520	Contents (2)	0.126	0.112	0.106	0.096	0.087
	A	0.114	0.103	0.092	0.076	0.070
	B&C	0.182	0.164	0.156	0.135	0.128
0531	Building (1)	0.097	0.088	0.078	0.061	0.058
	Contents (2)	0.147	0.131	0.126	0.111	0.103
	A					
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0532	Merc – Sole Occy Only – Food Products Inc. Retail Bakeries; Non-Alcoholic Beverages (Sales Only – No Baking or Cooking)					
0533	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets					
0534	Mercantile – Sole Occupancy Only – Food Products with Limited Cooking, Excluding Bakeries					
0535	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets – Using Cannabis as an Ingredient					
0541	Mercantile – Sole Occupancy Only – Bars and Taverns					
0545	Mercantile – Sole Occupancy Only – Restaurants with Limited Cooking					
0550	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
0561	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
0562	Mercantile – Sole Occupancy Only – Drugs					
0563	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
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)
0532	Building (1)	0.147	0.133	0.118	0.097	0.089
	Contents (2)	0.182	0.164	0.156	0.135	0.128
0533	Building (1)	0.115	0.105	0.096	0.077	0.071
	Contents (2)	0.146	0.130	0.124	0.110	0.103
0534	Building (1)	0.164	0.146	0.130	0.106	0.098
	Contents (2)	0.153	0.137	0.130	0.114	0.108
0535	Building (1)	0.115	0.105	0.096	0.077	0.071
	Contents (2)	0.146	0.130	0.124	0.110	0.103
0541	Building (1)	0.366	0.330	0.293	0.239	0.220
	Contents (2)	0.393	0.353	0.333	0.293	0.274
0545	Building (1)	0.432	0.388	0.347	0.281	0.260
	Contents (2)	0.489	0.439	0.415	0.366	0.340
0550	Building (1)	0.088	0.078	0.071	0.057	0.053
	Contents (2)	0.152	0.135	0.130	0.113	0.106
0561	Building (1)	0.094	0.083	0.075	0.060	0.056
	Contents (2)	0.152	0.135	0.130	0.113	0.106
0562	Building (1)	0.105	0.096	0.084	0.070	0.061
	Contents (2)	0.168	0.152	0.142	0.127	0.116
0563	Building (1)	0.104	0.096	0.083	0.069	0.061
	Contents (2)	0.126	0.112	0.106	0.096	0.087
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0564	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
0565	Mercantile – Sole Occupancy Only – Jewelry					
0566	Mercantile – Sole Occupancy Only – Sporting Goods					
0567	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
0570	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
0574	Mercantile – Sole Occupancy Only – Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC					
0575	Mercantile – Sole Occupancy Only – Cannabis - Growers other than Greenhouses					
0580	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)
0564	Building (1)	0.144	0.130	0.114	0.096	0.086
	Contents (2)	0.219	0.198	0.186	0.166	0.155
0565	Building (1)	0.097	0.086	0.077	0.061	0.057
	Contents (2)	0.123	0.110	0.103	0.092	0.086
0566	Building (1)	0.108	0.097	0.087	0.071	0.065
	Contents (2)	0.166	0.147	0.140	0.124	0.114
0567	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.140	0.127	0.117	0.105	0.098
0570	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.147	0.131	0.126	0.111	0.103
0574	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.140	0.127	0.117	0.105	0.098
0575	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.147	0.131	0.126	0.111	0.103
0580	Building (1)	0.097	0.087	0.078	0.061	0.058
	Contents (2)	0.155	0.139	0.130	0.114	0.109
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0581	Mercantile – Multiple Occupancy without 0564 Occupant					
0582	Mercantile – Multiple Occupancy with 0564 Occupant					
0585	Greenhouses – Sole Occupancy Only – Cannabis					
0701	Government Offices					
0702	Banks and Offices other than Governmental					

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NEW JERSEY (29)

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0742	Motels and Hotels with Limited Cooking Restaurant – Up to 10 Units					
0743	Motels and Hotels with Limited Cooking Restaurant – 11 to 30 Units					
0744	Motels and Hotels with Limited Cooking 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					
0755	Golf, Tennis and Similar Sport Facilities with Limited Cooking					
0756	Golf, Tennis and Similar Sport Facilities without Cooking					
0757	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
0831	Motion Picture Studios					
0832	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)
0742	Building (1)	0.296	0.265	0.236	0.192	0.178
	Contents (2)	0.324	0.292	0.274	0.243	0.226
0743	Building (1)	0.296	0.265	0.236	0.192	0.178
	Contents (2)	0.324	0.292	0.274	0.243	0.226
0744	Building (1)	0.296	0.265	0.236	0.192	0.178
	Contents (2)	0.324	0.292	0.274	0.243	0.226
0745	Building (1)	0.128	0.115	0.102	0.083	0.076
	Contents (2)	0.139	0.125	0.118	0.106	0.098
0746	Building (1)	0.128	0.115	0.102	0.083	0.076
	Contents (2)	0.139	0.125	0.118	0.106	0.098
0747	Building (1)	0.128	0.115	0.102	0.083	0.076
	Contents (2)	0.139	0.125	0.118	0.106	0.098
0755	Building (1)	0.435	0.389	0.349	0.282	0.261
	Contents (2)	0.501	0.451	0.426	0.376	0.350
0756	Building (1)	0.177	0.159	0.142	0.114	0.106
	Contents (2)	0.203	0.182	0.171	0.152	0.142
0757	Building (1)	0.191	0.171	0.152	0.125	0.114
	Contents (2)	0.203	0.182	0.171	0.152	0.142
0831	Building (1)	0.150	0.133	0.118	0.097	0.088
	Contents (2)	0.171	0.154	0.145	0.129	0.120
0832	Building (1)	0.189	0.170	0.152	0.125	0.112
	Contents (2)	0.203	0.182	0.171	0.152	0.142
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0833	Drive-in Theaters					
0834	Skating Rinks – Roller Rinks					
0841	Bowling Alleys without Cooking					
0843	Halls and Auditoriums					
0844	Recreational Facilities, Not Otherwise Classified					
0845	Boys' and Girls' Camps					
0846	Dance Halls, Ballrooms and Discotheques					
0851	Hospitals					
0852	Nursing and Convalescent Homes					
0900	Churches and Synagogues					
0911	Dry Cleaners and Dyeing Plants, other than Self-Service					
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)
0833	Building (1)	0.161	0.145	0.129	0.106	0.097
	Contents (2)	0.186	0.168	0.159	0.142	0.130
0834	Building (1)	0.258	0.232	0.207	0.168	0.155
	Contents (2)	0.263	0.236	0.224	0.198	0.184
0841	Building (1)	0.263	0.236	0.210	0.171	0.158
	Contents (2)	0.273	0.247	0.233	0.205	0.192
0843	Building (1)	0.130	0.118	0.106	0.085	0.078
	Contents (2)	0.139	0.126	0.118	0.106	0.097
0844	Building (1)	0.177	0.159	0.142	0.114	0.106
	Contents (2)	0.194	0.175	0.167	0.146	0.135
0845	Building (1)	0.117	0.106	0.093	0.076	0.070
	Contents (2)	0.133	0.120	0.114	0.102	0.093
0846	Building (1)	0.245	0.220	0.194	0.159	0.146
	Contents (2)	0.241	0.215	0.205	0.180	0.168
0851	Building (1)	0.038	0.034	0.030	0.025	0.024
	Contents (2)	0.043	0.039	0.038	0.034	0.030
0852	Building (1)	0.039	0.035	0.031	0.026	0.025
	Contents (2)	0.045	0.039	0.038	0.034	0.032
0900	Building (1)	0.106	0.097	0.085	0.069	0.063
	Contents (2)	0.112	0.102	0.097	0.084	0.078
0911	Building (1)	0.200	0.182	0.163	0.132	0.120
	Contents (2)	0.240	0.216	0.203	0.178	0.168
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0912	Laundries, other than Self-Service					
0913	Self-Service Laundries and Dry Cleaners					
0921	Light Hazard Service Occupancies					
0922	Service Occupancies, other than Light Hazard					
0923	Funeral Homes					
0931	Auto Parking Garages, Car Washes					
0932	Gasoline Service Stations					
0933	Motor Vehicle and Aircraft Repair, with or without Sales					
0934	Tire Recapping and Vulcanizing, with or without Sales					
0940	Aircraft Hangars without Repair					
0951	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)
0912	Building (1)	0.266	0.241	0.215	0.173	0.161
	Contents (2)	0.329	0.296	0.279	0.247	0.231
0913	Building (1)	0.175	0.157	0.141	0.113	0.105
	Contents (2)	0.205	0.186	0.174	0.155	0.144
0921	Building (1)	0.105	0.096	0.084	0.069	0.063
	Contents (2)	0.125	0.112	0.106	0.094	0.087
0922	Building (1)	0.115	0.105	0.094	0.076	0.070
	Contents (2)	0.142	0.128	0.120	0.106	0.100
0923	Building (1)	0.079	0.070	0.062	0.051	0.047
	Contents (2)	0.083	0.075	0.071	0.062	0.058
0931	Building (1)	0.112	0.103	0.091	0.074	0.066
	Contents (2)	0.133	0.118	0.112	0.099	0.093
0932	Building (1)	0.160	0.144	0.128	0.104	0.098
	Contents (2)	0.195	0.176	0.166	0.145	0.137
0933	Building (1)	0.136	0.119	0.107	0.088	0.082
	Contents (2)	0.170	0.155	0.144	0.128	0.118
0934	Building (1)	0.176	0.159	0.140	0.114	0.106
	Contents (2)	0.208	0.187	0.177	0.157	0.145
0940	Building (1)	0.084	0.076	0.070	0.056	0.051
	Contents (2)	0.106	0.096	0.091	0.080	0.075
0951	Building (1)	0.508	0.457	0.406	0.330	0.303
	Contents (2)	0.560	0.504	0.476	0.422	0.391
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0952	Gambling Casinos without Restaurants					
1000	Penal Institutions					
1051	Museums, Libraries, Art Galleries (Non-Profit)					
1052	Schools, Academic					
1070	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
1150	Builders' Risk					
1180	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.					
1211	Freight Terminals					
1212	General Storage Warehouses – Bailee					
1213	Miscellaneous Products Storage – (Other Than Retail Or Wholesale Or Cold Storage)					
1220	Household Goods Storage					
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)
0952	Building (1)	0.171	0.154	0.137	0.110	0.104
	Contents (2)	0.246	0.221	0.208	0.184	0.171
1000	Building (1)	0.052	0.047	0.041	0.034	0.031
	Contents (2)	0.046	0.041	0.041	0.035	0.032
1051	Building (1)	0.033	0.030	0.027	0.022	0.020
	Contents (2)	0.042	0.039	0.036	0.032	0.030
1052	Building (1)	0.065	0.059	0.053	0.043	0.041
	Contents (2)	0.076	0.066	0.064	0.057	0.053
1070	Building (1)	0.051	0.045	0.041	0.033	0.030
	Contents (2)	0.060	0.054	0.052	0.044	0.042
1150	Building (1)	0.135	0.120	0.106	0.087	0.081
1211	Building (1)	0.259	0.235	0.208	0.168	0.155
	Contents (2)	0.302	0.275	0.259	0.228	0.212
1212	Building (1)	0.206	0.186	0.165	0.133	0.123
	Contents (2)	0.251	0.226	0.212	0.189	0.176
1213	Building (1)	0.182	0.163	0.145	0.118	0.108
	Contents (2)	0.240	0.218	0.206	0.182	0.168
1220	Building (1)	0.218	0.194	0.173	0.142	0.130
	Contents (2)	0.263	0.238	0.224	0.197	0.186
Territory					Territorial Multiplier	
Jersey City					1.115	
Newark					1.523	
Balance of State (New Jersey)					1.000	
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
1230	Cold Storage Warehouses					
1400	Waste and Reclaimed Materials Including Yards					
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					
2200	Baking on Premises, Delivery to Outlets					
2205	Baking on Premises, Delivery to Outlets, and Food Products Manufacturing – Using Cannabis as an Ingredient					
2350	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)
1230	Building (1)	0.186	0.168	0.151	0.122	0.112
	Contents (2)	0.254	0.230	0.218	0.190	0.177
1400	Building (1)	0.559	0.505	0.449	0.363	0.335
	Contents (2)	0.679	0.612	0.580	0.511	0.476
	Yard	0.844		0.088		
1650	Building (1)	0.333	0.301	0.267	0.218	0.198
	Contents (2)	0.422	0.378	0.359	0.317	0.297
	Yard	0.235		0.029		
1700	Building (1)	0.272	0.244	0.218	0.177	0.163
	Contents (2)	0.414	0.372	0.353	0.313	0.291
	Yard	0.228		0.028		
1751	Building (1)	0.174	0.158	0.142	0.112	0.106
	Contents (2)	0.228	0.206	0.194	0.173	0.160
1752	Building (1)	0.165	0.149	0.133	0.108	0.099
	Contents (2)	0.163	0.146	0.139	0.122	0.112
2200	Building (1)	0.363	0.326	0.294	0.239	0.219
	Contents (2)	0.433	0.391	0.369	0.323	0.305
2205	Building (1)	0.363	0.326	0.294	0.239	0.219
	Contents (2)	0.433	0.391	0.369	0.323	0.305
2350	Building (1)	0.235	0.211	0.187	0.154	0.140
	Contents (2)	0.276	0.249	0.235	0.209	0.196
Territory				Territorial Multiplier		
Jersey City				1.115		
Newark				1.523		
Balance of State (New Jersey)				1.000		
* NEWARK, excluding the Newark Liberty International Airport and the Port Newark Marine Terminal. Newark Liberty International Airport (Newark Portion) is that piece of land enclosed by the New Jersey Turnpike on the east, Port Street on the north, US highways 1 & 9 on the north and west and the Essex-Union Counties boundary line on the south. The Port Newark Marine Terminal is that piece of land enclosed by Newark Bay on the east, the New Jersey Turnpike Extension (I-78) on the north, the CONRAIL Westerly Right Of Way on the west and the Essex-Union Counties boundary line on the south.						

All rates are subject to protection class and territorial multipliers.

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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.

New Jersey
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>
10/18/90	10/19/90	Wind, Hail, Tornadoes, Flooding
10/29/91	11/1/91	Wind, Flooding
7/6/92	7/15/92	Wind, Hail, Tornadoes, Flooding
7/30/92	8/1/92	Wind, Hail, Tornadoes, Flooding
3/4/93	3/5/93	Wind, Flooding, Ice, Snow
6/7/93	6/9/93	Wind, Hail, Tornadoes, Flooding
9/27/93	9/27/93	Wind, Hail, Tornadoes
1/6/94	1/9/94	Wind, Snow, Ice, Freezing
1/14/94	1/16/94	Wind, Snow, Ice, Freezing
1/17/94	1/20/94	Wind, Snow, Ice, Freezing
1/27/94	1/29/94	Wind, Ice, Flooding
2/10/94	2/12/94	Wind, Snow, Ice, Freezing, Flooding
3/1/94	3/3/94	Wind, Snow, Ice, Freezing, Flooding
6/29/94	6/29/94	Wind, Hail, Tornadoes, Flooding
7/14/94	7/17/94	Wind, Hail, Tornadoes, Flooding
7/26/94	7/28/94	Wind, Hail, Tornadoes, Flooding
8/12/94	8/14/94	Wind, Tornadoes, Flooding
4/4/95	4/5/95	Wind, Hail
5/27/95	5/30/95	Wind, Hail, Tornadoes, Flooding
11/11/95	11/12/95	Wind, Hail, Tornadoes
1/6/96	1/9/96	Wind, Snow, Ice, Freezing, Flooding
1/12/96	1/13/96	Wind, Snow, Ice, Freezing
1/17/96	1/20/96	Wind, Snow, Hail, Tornadoes, Flooding
1/26/96	1/28/96	Wind, Hail, Flooding
1/31/96	2/6/96	Wind, Snow, Ice, Tornadoes, Flooding
2/24/96	2/25/96	Wind
3/16/96	3/21/96	Wind, Hail, Tornadoes, Flooding
4/12/96	4/16/96	Wind, Hail, Tornadoes, Flooding
6/22/96	6/22/96	Wind, Hail, Tornadoes, Flooding
10/18/96	10/21/96	Wind, Flooding
3/4/97	3/6/97	Wind, Hail, Tornadoes, Flooding
3/31/97	4/1/97	Wind, Snow, Flooding
7/18/97	7/18/97	Wind, Hail, Tornadoes, Flooding
8/15/97	8/17/97	Wind, Hail, Tornadoes, Flooding
2/2/98	2/5/98	Hail, Snow, Wind, Flooding, Tornadoes
5/30/98	6/1/98	Hail, Wind, Tornadoes
6/24/98	6/30/98	Hail, Wind, Flooding, Tornadoes
9/6/98	9/8/98	Hail, Wind, Flooding, Tornadoes
1/1/99	1/4/99	Hail, Snow, Wind, Flooding, Freezing
1/13/99	1/16/99	Ice, Hail, Snow, Wind, Flooding, Freezing
1/17/99	1/18/99	Hail, Wind, Flooding, Tornadoes
9/14/99	9/17/99	Hurricane Floyd - Wind, Flooding, Tornadoes
1/14/00	1/19/00	Ice, Snow, Wind, Freezing
5/12/00	5/14/00	Hail, Wind, Flooding, Tornadoes
5/17/00	5/19/00	Hail, Wind, Flooding, Tornadoes
6/2/00	6/3/00	Hail, Wind, Flooding, Tornadoes

New Jersey
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>
6/11/00	6/11/00	Hail, Wind, Flooding, Tornadoes
12/11/00	12/12/00	Snow, Wind, Freezing
12/16/00	12/17/00	Hail, Wind, Flooding, Tornadoes
6/11/01	6/17/01	Tropical Storm Allison - Wind, Flooding
5/30/02	6/1/02	Flooding, Hail, Tornadoes, Wind
8/2/02	8/3/02	Flooding, Hail, Tornadoes, Wind
1/13/03	1/25/03	Freezing, Ice, Snow, Wind
2/14/03	2/18/03	Flooding, Freezing, Ice, Snow, Wind
2/21/03	2/23/03	Flooding, Hail, Tornadoes, Wind
8/14/03	8/17/03	Power Outage
9/18/03	9/19/03	Hurricane Isabel - Flooding, Wind
10/14/03	10/16/03	Flooding, Wind
11/12/03	11/14/03	Flooding, Hail, Tornadoes, Wind
1/9/04	1/12/04	Freezing, Wind
1/14/04	1/17/04	Freezing, Ice, Snow, Wind
7/12/04	7/14/04	Flooding, Hail, Tornadoes, Wind
8/9/04	8/12/04	Flooding, Hail, Tornadoes, Wind
9/15/04	9/21/04	Hurricane Ivan - Flooding, Tornadoes, Wind
9/15/04	9/29/04	Hurricane Jeanne - Flooding, Tornadoes, Wind
1/22/05	1/23/05	Freezing, Ice, Snow, Wind
3/30/05	4/3/05	Flooding, Hail, Tornadoes, Wind
10/7/05	10/15/05	Flooding, Wind
1/14/06	1/15/06	Flooding, Freezing, Wind
1/18/06	1/19/06	Freezing, Ice, Wind
6/25/06	6/28/06	Flooding, Wind
7/17/06	7/19/06	Flooding, Hail, Wind
8/29/06	9/3/06	Tropical Storm Ernesto - Flooding, Tornadoes, Wind
2/13/07	2/15/07	Flooding, Freezing, Ice, Snow, Wind
4/13/07	4/17/07	Flooding, Hail, Tornadoes, Wind
3/8/08	3/9/08	Flooding, Hail, Wind
6/10/08	6/11/08	Hail, Wind
2/4/10	2/6/10	Ice, Snow, Wind
2/9/10	2/11/10	Ice, Snow, Wind
2/23/10	2/28/10	Flooding, Freezing, Ice, Snow, Wind
3/13/10	3/15/10	Flooding, Hail, Wind
5/7/10	5/8/10	Hail, Tornadoes, Wind
6/21/10	6/24/10	Flooding, Hail, Tornadoes, Wind
3/8/11	3/11/11	Flooding, Hail, Tornadoes, Wind
8/26/11	8/28/11	Hurricane Irene - Flooding, Tornadoes, Wind
10/28/11	10/31/11	Freezing, Ice, Snow, Wind
6/28/12	7/2/12	Flooding, Hail, Tornadoes, Wind
10/28/12	10/31/12	Hurricane Sandy - Flooding, Snow, Wind
1/3/14	1/5/14	Freezing, Ice, Snow, Wind
1/5/14	1/8/14	Freezing, Ice, Snow, Wind
4/27/14	5/1/14	Flooding, Hail, Tornadoes, Wind
2/14/15	2/15/15	Freezing, Ice, Snow, Wind

New Jersey
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>
2/16/15	2/22/15	Freezing, Ice, Snow, Wind
6/21/15	6/25/15	Flooding, Hail, Tornadoes, Wind
10/2/15	10/6/15	Flooding, Wind
1/22/16	1/24/16	Flooding, Freezing, Ice, Snow, Wind
2/13/16	2/15/16	Freezing, Ice, Snow, Wind
2/22/16	2/25/16	Flooding, Hail, Tornadoes, Wind
4/2/16	4/3/16	Hail, Wind
7/30/16	8/1/16	Flooding, Hail, Wind
10/29/17	10/30/17	Flooding, Wind
1/3/18	1/6/18	Flood, Freezing, Ice, Snow, Wind
3/1/18	3/3/18	Flooding, Ice, Snow, Wind
3/7/18	3/8/18	Flooding, Ice, Snow, Wind
4/13/18	4/17/18	Flooding, Hail, Ice, Snow, Tornadoes, Wind
5/12/18	5/16/18	Flooding, Hail, Tornadoes, Wind
8/11/18	8/14/18	Flooding, Hail, Wind
9/25/18	9/26/18	Flooding, Wind
11/14/18	11/16/18	Flooding, Freezing, Ice, Snow, Wind
1/20/19	1/23/19	Freezing, Ice, Snow, Wind
1/29/19	2/1/19	Freezing, Ice, Snow, Wind
2/23/19	2/26/19	Flooding, Freezing, Hail, Ice, Snow, Tornadoes, Wind
5/26/19	5/29/19	Flooding, Hail, Tornadoes, Wind
7/10/19	7/18/19	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
7/19/19	7/23/19	Flooding, Hail, Tornadoes, Wind
10/16/19	10/17/19	Flooding, Wind
10/31/19	11/1/19	Flooding, Tornadoes, Wind
2/5/20	2/8/20	Flooding, Hail, Tornadoes, Wind
4/7/20	4/9/20	Flooding, Hail, Tornadoes, Wind
4/10/20	4/14/20	Flooding, Hail, Tornadoes, Wind
4/27/20	4/30/20	Flooding, Hail, Tornadoes, Wind
5/26/20	6/8/20	Riot; Civil Disorder
6/2/20	6/3/20	Flooding, Hail, Tornadoes, Wind
7/5/20	7/7/20	Flooding, Hail, Wind
7/10/20	7/12/20	Flooding, Tropical Storm, Wind
7/30/20	8/5/20	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
8/26/20	8/28/20	Flooding, Hail, Tornadoes, Wind
11/15/20	11/16/20	Flooding, Wind
11/30/20	12/1/20	Flooding, Tornadoes, Wind
12/24/20	12/25/20	Flooding, Power Outage, Wind
3/24/21	3/26/21	Flooding, Hail, Tornadoes, Wind
3/27/21	3/29/21	Flooding, Hail, Tornadoes, Wind
5/25/21	5/26/21	Flooding, Hail, Wind
7/6/21	7/9/21	Flooding, Hail, Tornadoes, Tropical Storm, Wind
7/28/21	7/29/21	Flooding, Hail, Tornadoes, Wind
8/21/21	8/23/21	Flooding, Hurricane, Tornadoes, Tropical Storm, Wind
8/29/21	9/2/21	Flooding, Hurricane, Tornadoes, Wind
10/25/21	10/27/21	Flooding, Wind

New Jersey
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>
11/12/21	11/13/21	Flooding, Hail, Tornadoes, Wind
1/15/22	1/17/22	Flooding, Freezing, Hail, Snow, Tornadoes, Wind
2/2/22	2/5/22	Flooding, Freezing, Hail, Ice, Snow, Wind
2/16/22	2/18/22	Flooding, Hail, Tornadoes, Wind
3/5/22	3/7/22	Flooding, Hail, Tornadoes, Wind
4/3/22	4/7/22	Flooding, Hail, Tornadoes, Wind
5/19/22	5/22/22	Flooding, Hail, Tornadoes, Wind
12/21/22	12/25/22	Flooding, Freezing, Ice, Power Outage, Snow, Wind

NEW JERSEY

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

Rating Group	Description	Jersey City	Newark	Bal. of State New Jersey
01	Apartments	-4.4%	-6.4%	-2.2%
02	Other Habitational	-2.7%	-4.7%	-0.4%
03	Restaurants & Bars	-4.1%	-6.1%	-1.9%
04	Other Mercantile Risks	-0.5%	-2.5%	1.8%
05	Public Buildings	-4.5%	-6.5%	-2.3%
06	Churches	-7.9%	-9.8%	-5.7%
07	Schools	-6.0%	-7.9%	-3.7%
08	Offices And Banks	-9.4%	-11.3%	-7.3%
09	Recreational Facilities	-12.0%	-13.8%	-9.9%
10	Hotels & Motels	-0.7%	-2.7%	1.6%
11	Hospitals & Nursing Homes	-3.4%	-5.3%	-1.1%
12	Buildings Under Construction	-2.0%	-4.0%	0.3%
13	Motor Vehicle Risks	-2.3%	-4.3%	0.0%
14	Other Non-Manufacturing	-2.0%	-4.0%	0.3%
15	Storage	-0.2%	-2.2%	2.1%
17	Food Manufacturing	-4.8%	-6.7%	-2.6%
18	Wood Manufacturing	-5.9%	-7.8%	-3.6%
19	Wearing Apparel	-6.1%	-8.0%	-3.8%
20	Chemical Manufacturing	-5.0%	-6.9%	-2.8%
21	Metal Manufacturing	-6.7%	-8.6%	-4.5%
22	Other Manufacturing	-1.6%	-3.7%	0.7%
	Total	-3.9%	-6.7%	-2.0%

(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.

NEW JERSEY
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	1.053 5.3%
	\$ Lst Sq Formula Relativity	Credibility Credibility Z	Weighted Relativity	Balanced Relativity	Or	
TOP						
10	0.525	0.121	0.925	0.929		
31	0.565	0.022	0.988	0.992		
32	1.018	0.213	1.004	1.008		
33	1.114	0.055	1.006	1.010		
34	0.922	0.334	0.973	0.977		
35	0.943	0.241	0.986	0.990		
36	1.147	0.248	1.035	1.039		
37	1.534	0.151	1.067	1.071		
38	0.994	0.087	0.999	1.003		
Rating Group						
1	0.995	0.361	0.998	0.998		
2	1.134	0.123	1.016	1.016		
3	1.004	0.202	1.001	1.001		
4	1.079	0.509	1.039	1.039		
5	0.892	0.025	0.997	0.997		
6	0.857	0.251	0.962	0.962		
7	0.914	0.198	0.982	0.982		
8	0.839	0.317	0.946	0.946		
9	0.688	0.227	0.919	0.919		
10	1.877	0.057	1.037	1.037		
11	1.171	0.059	1.009	1.009		
13	1.067	0.302	1.020	1.020		
14	1.166	0.146	1.023	1.023		
15	1.260	0.176	1.042	1.042		
17	0.924	0.078	0.994	0.994		
18	0.652	0.040	0.983	0.983		
19	0.498	0.027	0.981	0.981		
20	0.619	0.017	0.992	0.992		
21	0.817	0.129	0.974	0.974		
22	1.222	0.135	1.027	1.027		
					Current Territorial Multiplier	Revised Territorial Multiplier
Territory						
Jersey City	0.823	0.062	0.988	0.979	1.138	1.112
Newark	0.752	0.116	0.967	0.959	1.466	1.403
Bal. Of State (NJ)	1.014	0.766	1.011	1.002	1.000	1.000

NEW JERSEY
BASIC GROUP I RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation for Jersey City:

Statewide Coverage Loss Cost Change	=	1.053
Territorial Relativity	=	0.979
Monoline (TOP 10) Relativity	=	0.929
Rating Group 01 Relativity	=	0.998

Indicated Monoline Loss Cost Level Change
= 1.053 X 0.979 X 0.929 X 0.998 = 0.956
or -4.4%

NEW JERSEY
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 <u>Relativity</u>
Jersey City	TOP 10: Monoline						
		1 Apartments	4,763	8,359	0.000	0.524	0.499
		2 Other Habitational	16	3,631	0.000	0.525	0.500
		3 Restaurants & Bars	1,134	8,388	0.000	0.524	0.499
		4 Other Mercantile Risks	6,192	37,381	0.000	0.520	0.495
		7 Schools	362	3,093	0.000	0.525	0.500
		8 Offices and Banks	8,464	48,979	0.000	0.519	0.494
		9 Recreational Facilities	2,956	8,277	0.000	0.524	0.499
		10 Hotels and Motels	2,724	2,734	0.000	0.525	0.500
		11 Hospitals and Nursing Homes	4	16	0.000	0.526	0.500
		13 Motor Vehicle Risks	8,701	38,695	5.127	1.589	1.512
		14 Other Non-Manufacturing	4,973	30,576	0.000	0.521	0.496
		15 Storage	50,394	117,170	0.000	0.509	0.484
		18 Wood Manufacturing	0	6,329	0.000	0.525	0.500
		20 Chemical Manufacturing	1,098	1,098	10.416	2.611	2.484
		21 Metal Manufacturing	889	4,625	0.000	0.525	0.500
		TOTAL	92,670	319,351	0.605	0.640	0.609
Jersey City	TOP 31: Multiline Hotels/Motels						
		10 Hotels and Motels	918	918	0.000	0.772	0.735
		TOTAL	918	918	0.000	0.772	0.735
Jersey City	TOP 32: Multiline Apartment						
		1 Apartments	292,133	1,031,783	0.685	0.732	0.696
		2 Other Habitational	30,741	114,353	0.531	0.774	0.736
		TOTAL	322,874	1,146,136	0.670	0.736	0.700

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Jersey City	TOP 33: Multiline Office	8 Offices and Banks	11,156	54,022	0.000	0.660	0.628
		TOTAL	11,156	54,022	0.000	0.660	0.628
Jersey City	TOP 34: Multiline Mercantile	3 Restaurants & Bars	31,027	189,970	0.195	0.575	0.547
		4 Other Mercantile Risks	110,083	560,530	2.816	2.253	2.144
		8 Offices and Banks	1,746	14,726	11.796	3.148	2.995
		13 Motor Vehicle Risks	11,565	78,859	0.000	0.618	0.588
		14 Other Non-Manufacturing	1,612	5,341	0.000	0.761	0.724
		15 Storage	10,863	74,176	0.000	0.626	0.596
		TOTAL	166,896	923,602	2.017	1.717	1.634
Jersey City	TOP 35: Multiline Institutional	2 Other Habitational	15	23	0.000	0.774	0.736
		5 Public Buildings	138	355	0.000	0.773	0.735
		6 Churches	90,925	423,197	0.054	0.364	0.346
		7 Schools	26,237	140,353	0.000	0.534	0.508
		8 Offices and Banks	4,039	41,944	0.000	0.683	0.650
		9 Recreational Facilities	1,291	5,503	2.811	1.270	1.208
		11 Hospitals and Nursing Homes	3,998	26,260	0.000	0.714	0.679
		14 Other Non-Manufacturing	31	31,095	0.000	0.704	0.670
		TOTAL	126,674	668,730	0.067	0.430	0.409
Jersey City	TOP 36: Multiline Services	3 Restaurants & Bars	18	1,303	0.000	0.068	0.065
		4 Other Mercantile Risks	4,047	19,136	0.000	0.052	0.049
		8 Offices and Banks	6,033	28,476	0.000	0.047	0.045
		9 Recreational Facilities	9,529	51,425	0.000	0.037	0.035
		13 Motor Vehicle Risks	19,176	130,682	0.243	0.201	0.191
		14 Other Non-Manufacturing	9,167	45,519	0.000	0.039	0.037
		15 Storage	9,508	43,752	0.000	0.040	0.038
		22 Other Manufacturing	3,535	10,908	0.000	0.059	0.056
		TOTAL	61,013	331,201	0.076	0.093	0.088
Jersey City	TOP 37: Multiline Industrial/Processing	4 Other Mercantile Risks	391	7,872	0.000	0.061	0.058
		8 Offices and Banks	7	78	0.000	0.070	0.067
		14 Other Non-Manufacturing	12	651	20.154	3.282	3.123
		17 Food Manufacturing	5,879	43,655	0.000	0.040	0.038

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Jersey City	TOP 38: Multiline Contractors	18 Wood Manufacturing	2,818	22,565	0.000	0.050	0.048
		19 Wearing Apparel	0	2,725	0.000	0.067	0.064
		20 Chemical Manufacturing	272	1,398	0.000	0.068	0.065
		21 Metal Manufacturing	4,239	26,637	0.000	0.048	0.046
		22 Other Manufacturing	6,229	27,855	0.000	0.047	0.045
		TOTAL	19,847	133,436	0.012	0.048	0.046
		4 Other Mercantile Risks	11,040	62,810	0.000	0.033	0.031
		8 Offices and Banks	2,445	18,839	0.000	0.053	0.050
		14 Other Non-Manufacturing	12	1,212	0.000	0.068	0.065
		TOTAL	13,497	82,861	0.000	0.037	0.034
Jersey City	TOP: All TOPS	1 Apartments	296,896	1,040,142	0.674	0.729	0.693
		2 Other Habitational	30,772	118,007	0.530	0.774	0.736
		3 Restaurants & Bars	32,179	199,661	0.188	0.573	0.545
		4 Other Mercantile Risks	131,753	687,729	2.353	1.911	1.819
		5 Public Buildings	138	355	0.000	0.773	0.735
		6 Churches	90,925	423,197	0.054	0.364	0.346
		7 Schools	26,599	143,446	0.000	0.534	0.508
		8 Offices and Banks	33,890	207,064	0.608	0.603	0.574
		9 Recreational Facilities	13,776	65,205	0.263	0.257	0.244
		10 Hotels and Motels	3,642	3,652	0.000	0.587	0.559
		11 Hospitals and Nursing Homes	4,002	26,276	0.000	0.714	0.679
		13 Motor Vehicle Risks	39,442	248,236	1.249	0.629	0.599
		14 Other Non-Manufacturing	15,807	114,394	0.015	0.268	0.255
		15 Storage	70,765	235,098	0.000	0.464	0.441
		17 Food Manufacturing	5,879	43,655	0.000	0.040	0.038
		18 Wood Manufacturing	2,818	28,894	0.000	0.050	0.048
		20 Chemical Manufacturing	1,370	2,496	8.348	2.106	2.004
		21 Metal Manufacturing	5,128	31,262	0.000	0.131	0.125
		22 Other Manufacturing	9,764	38,763	0.000	0.051	0.049
		TOTAL	815,545	3,657,532	0.763	0.801	0.762
Newark	TOP 10: Monoline	1 Apartments	6,288	18,423	23.570	4.719	4.490
		2 Other Habitational	1,253	2,445	0.000	0.780	0.742
		3 Restaurants & Bars	3,309	16,208	0.000	0.779	0.741

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
		4 Other Mercantile Risks	23,632	100,561	0.363	0.839	0.798
		5 Public Buildings	0	76	0.000	0.780	0.742
		6 Churches	1,309	6,800	0.000	0.780	0.742
		7 Schools	3,523	30,304	0.000	0.779	0.741
		8 Offices and Banks	99,014	175,228	0.000	0.775	0.737
		9 Recreational Facilities	2,489	8,524	0.000	0.780	0.742
		10 Hotels and Motels	21,719	21,732	0.000	0.779	0.741
		11 Hospitals and Nursing Homes	875	5,309	0.000	0.780	0.742
		13 Motor Vehicle Risks	909	10,361	0.000	0.780	0.742
		14 Other Non-Manufacturing	6,619	24,164	0.000	0.779	0.741
		15 Storage	4,553	57,226	0.000	0.778	0.740
		17 Food Manufacturing	6,030	21,577	0.000	0.779	0.741
		18 Wood Manufacturing	403	1,062	0.000	0.780	0.742
		19 Wearing Apparel	0	1,451	0.000	0.780	0.742
		22 Other Manufacturing	0	1,603	0.000	0.780	0.742
		TOTAL	181,925	503,054	0.862	0.921	0.876
Newark	TOP 31: Multiline Hotels/Motels	10 Hotels and Motels	5,083	37,011	0.000	0.906	0.862
		TOTAL	5,083	37,011	0.000	0.906	0.862
Newark	TOP 32: Multiline Apartment	1 Apartments	286,096	926,268	0.591	0.718	0.683
		2 Other Habitational	69,778	401,789	5.248	3.801	3.617
		TOTAL	355,874	1,328,057	1.504	1.322	1.258
Newark	TOP 33: Multiline Office	8 Offices and Banks	18,082	106,892	0.000	0.750	0.714
		TOTAL	18,082	106,892	0.000	0.750	0.714
Newark	TOP 34: Multiline Mercantile	3 Restaurants & Bars	48,825	234,139	6.997	4.269	4.062
		4 Other Mercantile Risks	245,200	1,040,578	0.606	0.719	0.684
		8 Offices and Banks	10,836	43,723	0.000	0.888	0.845
		13 Motor Vehicle Risks	2,521	8,385	0.000	0.991	0.943
		14 Other Non-Manufacturing	27	2,371	109.450	19.021	18.098
		15 Storage	27,537	168,653	0.000	0.650	0.618
		TOTAL	334,946	1,497,849	1.472	1.240	1.180
Newark	TOP 35: Multiline Institutional	2 Other Habitational	3,336	3,336	0.000	1.008	0.959

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
		5 Public Buildings	4,831	20,601	0.000	0.953	0.907
		6 Churches	248,062	1,168,946	0.101	0.291	0.277
		7 Schools	70,905	441,123	1.902	1.667	1.586
		8 Offices and Banks	55,746	304,724	0.000	0.503	0.479
		9 Recreational Facilities	13,142	61,802	0.000	0.844	0.803
		11 Hospitals and Nursing Homes	14,581	102,240	0.000	0.758	0.721
		13 Motor Vehicle Risks	20	104	0.000	1.019	0.970
		14 Other Non-Manufacturing	414	3,005	0.000	1.009	0.960
		TOTAL	411,037	2,105,881	0.389	0.606	0.576
Newark	TOP 36: Multiline Services	3 Restaurants & Bars	0	2,434	0.000	0.999	0.951
		4 Other Mercantile Risks	758	3,453	5.064	1.828	1.739
		8 Offices and Banks	7,086	57,487	0.000	0.704	0.670
		9 Recreational Facilities	19,803	115,603	0.000	0.536	0.510
		13 Motor Vehicle Risks	72,106	361,981	1.454	1.394	1.326
		14 Other Non-Manufacturing	25,121	120,719	0.651	0.888	0.845
		15 Storage	22,764	61,762	0.000	0.688	0.655
		21 Metal Manufacturing	0	18,615	0.000	0.889	0.846
		22 Other Manufacturing	6,180	44,641	0.000	0.756	0.719
		TOTAL	153,818	786,695	0.813	1.041	0.991
Newark	TOP 37: Multiline Industrial/Processing	4 Other Mercantile Risks	1,263	11,100	0.000	0.937	0.892
		8 Offices and Banks	1,612	8,976	3.082	1.564	1.488
		14 Other Non-Manufacturing	0	1,334	0.000	1.008	0.959
		17 Food Manufacturing	40,570	283,057	0.135	0.417	0.397
		18 Wood Manufacturing	7,566	23,069	0.000	0.863	0.821
		19 Wearing Apparel	9,799	46,259	0.000	0.749	0.713
		20 Chemical Manufacturing	663	6,547	0.000	0.969	0.922
		21 Metal Manufacturing	52,697	281,737	0.000	0.319	0.304
		22 Other Manufacturing	6,576	46,713	27.257	10.860	10.333
		TOTAL	120,746	708,792	1.571	1.022	0.972
Newark	TOP 38: Multiline Contractors	4 Other Mercantile Risks	22,085	114,757	0.035	0.557	0.530
		8 Offices and Banks	3,330	38,970	0.109	0.819	0.779
		14 Other Non-Manufacturing	1,548	9,269	0.000	0.950	0.904
		TOTAL	26,963	162,996	0.042	0.612	0.582

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Newark	TOP: All TOPS						
		1 Apartments	292,384	944,691	1.085	0.804	0.765
		2 Other Habitational	74,367	407,570	4.924	3.625	3.449
		3 Restaurants & Bars	52,134	252,781	6.553	4.047	3.851
		4 Other Mercantile Risks	292,938	1,270,449	0.552	0.720	0.685
		5 Public Buildings	4,831	20,677	0.000	0.953	0.907
		6 Churches	249,371	1,175,746	0.100	0.294	0.279
		7 Schools	74,428	471,427	1.812	1.625	1.546
		8 Offices and Banks	195,706	736,000	0.027	0.706	0.672
		9 Recreational Facilities	35,434	185,929	0.000	0.667	0.635
		10 Hotels and Motels	26,802	58,743	0.000	0.803	0.764
		11 Hospitals and Nursing Homes	15,456	107,549	0.000	0.759	0.722
		13 Motor Vehicle Risks	75,556	380,831	1.388	1.373	1.306
		14 Other Non-Manufacturing	33,729	160,862	0.572	0.885	0.843
		15 Storage	54,854	287,641	0.000	0.676	0.643
		17 Food Manufacturing	46,600	304,634	0.118	0.464	0.442
		18 Wood Manufacturing	7,969	24,131	0.000	0.859	0.817
		19 Wearing Apparel	9,799	47,710	0.000	0.749	0.713
		20 Chemical Manufacturing	663	6,547	0.000	0.969	0.922
		21 Metal Manufacturing	52,697	300,352	0.000	0.319	0.304
		22 Other Manufacturing	12,756	92,957	14.052	5.965	5.675
		TOTAL	1,608,474	7,237,227	1.033	1.008	0.959
Balance of State	TOP 10: Monoline						
		1 Apartments	296,035	768,022	0.379	0.541	0.515
		2 Other Habitational	56,078	252,953	2.795	0.929	0.884
		3 Restaurants & Bars	156,163	595,415	0.165	0.506	0.481
		4 Other Mercantile Risks	567,767	2,525,853	0.755	0.618	0.588
		5 Public Buildings	10,279	66,960	0.115	0.506	0.481
		6 Churches	12,834	44,902	1.372	0.697	0.663
		7 Schools	67,059	265,243	0.000	0.484	0.461
		8 Offices and Banks	533,669	2,139,596	0.243	0.502	0.478
		9 Recreational Facilities	349,565	1,742,116	0.247	0.507	0.482
		10 Hotels and Motels	71,481	126,618	3.682	1.056	1.005
		11 Hospitals and Nursing Homes	111,922	310,482	2.207	0.839	0.798
		13 Motor Vehicle Risks	106,109	629,199	2.236	0.862	0.820
		14 Other Non-Manufacturing	176,195	836,235	0.605	0.581	0.553

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
		15 Storage	314,442	1,225,573	0.202	0.504	0.480
		17 Food Manufacturing	70,864	157,560	0.000	0.486	0.462
		18 Wood Manufacturing	18,270	142,383	0.000	0.487	0.463
		19 Wearing Apparel	21,139	52,759	0.000	0.488	0.464
		20 Chemical Manufacturing	31,472	99,372	0.000	0.488	0.464
		21 Metal Manufacturing	154,247	567,452	0.191	0.510	0.485
		22 Other Manufacturing	69,665	397,548	0.035	0.487	0.463
		TOTAL	3,195,255	12,946,241	0.597	0.575	0.547
Balance of State	TOP 31: Multiline Hotels/Motels	10 Hotels and Motels	400,860	2,206,383	1.611	1.133	1.078
		TOTAL	400,860	2,206,383	1.611	1.133	1.078
Balance of State	TOP 32: Multiline Apartment	1 Apartments	4,867,469	19,886,702	1.195	1.084	1.031
		2 Other Habitational	944,260	4,732,210	1.957	1.222	1.163
		TOTAL	5,811,729	24,618,912	1.319	1.106	1.052
Balance of State	TOP 33: Multiline Office	8 Offices and Banks	849,788	5,641,241	0.903	0.999	0.951
		TOTAL	849,788	5,641,241	0.903	0.999	0.951
Balance of State	TOP 34: Multiline Mercantile	3 Restaurants & Bars	1,705,301	8,260,718	0.885	0.991	0.943
		4 Other Mercantile Risks	5,760,116	28,506,294	1.124	1.065	1.013
		8 Offices and Banks	608,235	2,327,036	1.460	1.106	1.052
		13 Motor Vehicle Risks	950,371	3,675,417	1.335	1.088	1.035
		14 Other Non-Manufacturing	196,919	923,455	1.688	1.138	1.083
		15 Storage	923,578	4,126,780	1.280	1.078	1.026
		TOTAL	10,144,520	47,819,700	1.149	1.060	1.008
Balance of State	TOP 35: Multiline Institutional	2 Other Habitational	25,428	115,699	0.000	0.862	0.820
		5 Public Buildings	185,644	919,812	0.274	0.899	0.855
		6 Churches	2,532,280	11,729,178	0.455	0.867	0.825
		7 Schools	1,841,676	9,016,239	0.612	0.921	0.876
		8 Offices and Banks	391,662	2,156,576	0.045	0.846	0.805
		9 Recreational Facilities	386,559	1,796,876	0.089	0.858	0.816
		11 Hospitals and Nursing Homes	327,024	2,042,111	1.816	1.169	1.112
		13 Motor Vehicle Risks	27,826	151,381	4.616	1.599	1.521
		14 Other Non-Manufacturing	209,409	1,024,875	0.121	0.872	0.830

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Balance of State	TOP 36: Multiline Services	TOTAL	5,927,508	28,952,747	0.528	0.903	0.859
		3 Restaurants & Bars	156,911	798,225	0.057	0.878	0.835
		4 Other Mercantile Risks	311,329	1,460,728	0.511	0.945	0.899
		8 Offices and Banks	516,573	2,548,860	0.437	0.820	0.780
		9 Recreational Facilities	1,620,239	7,966,461	0.704	0.834	0.794
		13 Motor Vehicle Risks	2,335,928	12,208,003	1.314	1.304	1.241
		14 Other Non-Manufacturing	542,514	3,137,378	1.613	1.461	1.390
		15 Storage	541,819	2,626,780	2.565	1.960	1.865
		21 Metal Manufacturing	30,874	160,022	0.125	1.057	1.006
		22 Other Manufacturing	156,066	925,354	0.000	0.832	0.792
		TOTAL	6,212,253	31,831,811	1.106	1.170	1.114
Balance of State	TOP 37: Multiline Industrial/Processing	4 Other Mercantile Risks	152,973	807,120	0.228	0.930	0.885
		8 Offices and Banks	59,504	289,256	3.473	1.715	1.632
		13 Motor Vehicle Risks	7,984	27,110	0.000	1.081	1.029
		14 Other Non-Manufacturing	34,840	136,686	27.632	5.702	5.425
		15 Storage	1,636	19,324	0.000	1.084	1.031
		17 Food Manufacturing	536,792	2,893,336	1.728	1.519	1.445
		18 Wood Manufacturing	276,001	1,481,756	0.815	1.070	1.018
		19 Wearing Apparel	218,625	1,025,898	0.014	0.816	0.776
		20 Chemical Manufacturing	216,855	590,109	0.381	1.015	0.966
		21 Metal Manufacturing	907,540	4,863,409	1.385	1.342	1.277
		22 Other Manufacturing	954,659	4,776,763	2.400	2.018	1.920
		TOTAL	3,367,409	16,910,767	1.779	1.517	1.443
Balance of State	TOP 38: Multiline Contractors	4 Other Mercantile Risks	1,222,302	6,257,516	1.137	1.170	1.113
		8 Offices and Banks	486,694	2,495,529	0.254	0.727	0.692
		14 Other Non-Manufacturing	99,036	511,060	0.102	0.958	0.912
		TOTAL	1,808,032	9,264,105	0.843	1.039	0.989
Balance of State	TOP: All TOPS	1 Apartments	5,163,504	20,654,724	1.148	1.053	1.001
		2 Other Habitational	1,025,766	5,100,862	1.954	1.197	1.139
		3 Restaurants & Bars	2,018,375	9,654,358	0.765	0.945	0.899
		4 Other Mercantile Risks	8,014,487	39,557,511	1.059	1.042	0.991
		5 Public Buildings	195,923	986,772	0.266	0.878	0.835

NEW JERSEY
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	5 - Year	5 - Year	Credibility	Credibility
			Aggregate Loss Costs	Aggregate Loss Costs	Experience Ratio	Weighted Experience Ratio	Weighted Experience Ratio
		6 Churches	2,545,114	11,774,080	0.460	0.866	0.824
		7 Schools	1,908,735	9,281,482	0.590	0.906	0.861
		8 Offices and Banks	3,446,125	17,598,094	0.684	0.871	0.829
		9 Recreational Facilities	2,356,363	11,505,453	0.535	0.789	0.751
		10 Hotels and Motels	472,341	2,333,001	1.924	1.121	1.067
		11 Hospitals and Nursing Homes	438,946	2,352,593	1.916	1.085	1.032
		13 Motor Vehicle Risks	3,428,218	16,691,110	1.372	1.232	1.173
		14 Other Non-Manufacturing	1,258,913	6,569,689	1.837	1.267	1.206
		15 Storage	1,781,475	7,998,457	1.479	1.245	1.185
		17 Food Manufacturing	607,656	3,050,896	1.526	1.399	1.330
		18 Wood Manufacturing	294,271	1,624,139	0.764	1.034	0.984
		19 Wearing Apparel	239,764	1,078,657	0.013	0.787	0.748
		20 Chemical Manufacturing	248,327	689,481	0.333	0.948	0.902
		21 Metal Manufacturing	1,092,661	5,590,883	1.181	1.216	1.158
		22 Other Manufacturing	1,180,390	6,099,665	1.943	1.771	1.685
		TOTAL	37,717,354	180,191,907	1.065	1.059	1.007
Entire State	TOP 10: Monoline	1 Apartments	307,086	794,804	0.848	0.626	0.596
		2 Other Habitational	57,347	259,029	2.733	0.926	0.881
		3 Restaurants & Bars	160,606	620,011	0.160	0.512	0.486
		4 Other Mercantile Risks	597,591	2,663,795	0.732	0.626	0.595
		5 Public Buildings	10,279	67,036	0.115	0.506	0.481
		6 Churches	14,143	51,702	1.245	0.705	0.670
		7 Schools	70,944	298,640	0.000	0.499	0.475
		8 Offices and Banks	641,147	2,363,803	0.202	0.544	0.518
		9 Recreational Facilities	355,010	1,758,917	0.243	0.509	0.484
		10 Hotels and Motels	95,924	151,084	2.744	0.978	0.931
		11 Hospitals and Nursing Homes	112,801	315,807	2.190	0.839	0.798
		13 Motor Vehicle Risks	115,719	678,255	2.436	0.916	0.871
		14 Other Non-Manufacturing	187,787	890,975	0.568	0.586	0.558
		15 Storage	369,389	1,399,969	0.172	0.508	0.484
		17 Food Manufacturing	76,894	179,137	0.000	0.509	0.484
		18 Wood Manufacturing	18,673	149,774	0.000	0.493	0.469
		19 Wearing Apparel	21,139	54,210	0.000	0.488	0.464
		20 Chemical Manufacturing	32,570	100,470	0.351	0.560	0.532
		21 Metal Manufacturing	155,136	572,077	0.190	0.510	0.485

NEW JERSEY
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 Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
		22 Other Manufacturing	69,665	399,151	0.035	0.487	0.463
		TOTAL	3,469,850	13,768,646	0.611	0.595	0.566
Entire State	TOP 31: Multiline Hotels/Motels	10 Hotels and Motels	406,861	2,244,312	1.587	1.129	1.075
		TOTAL	406,861	2,244,312	1.587	1.129	1.075
Entire State	TOP 32: Multiline Apartment	1 Apartments	5,445,698	21,844,753	1.136	1.046	0.995
		2 Other Habitational	1,044,779	5,248,352	2.135	1.381	1.314
		TOTAL	6,490,477	27,093,105	1.297	1.100	1.046
Entire State	TOP 33: Multiline Office	8 Offices and Banks	879,026	5,802,155	0.873	0.990	0.942
		TOTAL	879,026	5,802,155	0.873	0.990	0.942
Entire State	TOP 34: Multiline Mercantile	3 Restaurants & Bars	1,785,153	8,684,827	1.040	1.073	1.021
		4 Other Mercantile Risks	6,115,399	30,107,402	1.134	1.073	1.020
		8 Offices and Banks	620,817	2,385,485	1.464	1.108	1.054
		13 Motor Vehicle Risks	964,457	3,762,661	1.316	1.082	1.029
		14 Other Non-Manufacturing	198,558	931,167	1.689	1.137	1.082
		15 Storage	961,978	4,369,609	1.229	1.061	1.009
		TOTAL	10,646,362	50,241,151	1.173	1.076	1.023
Entire State	TOP 35: Multiline Institutional	2 Other Habitational	28,779	119,058	0.000	0.879	0.836
		5 Public Buildings	190,613	940,768	0.267	0.900	0.856
		6 Churches	2,871,267	13,321,321	0.412	0.801	0.762
		7 Schools	1,938,818	9,597,715	0.651	0.943	0.897
		8 Offices and Banks	451,447	2,503,244	0.039	0.802	0.763
		9 Recreational Facilities	400,992	1,864,181	0.095	0.859	0.817
		11 Hospitals and Nursing Homes	345,603	2,170,611	1.718	1.146	1.090
		13 Motor Vehicle Risks	27,846	151,485	4.613	1.599	1.521
		14 Other Non-Manufacturing	209,854	1,058,975	0.121	0.872	0.830
		TOTAL	6,465,219	31,727,358	0.510	0.875	0.832
Entire State	TOP 36: Multiline Services	3 Restaurants & Bars	156,929	801,962	0.057	0.878	0.835
		4 Other Mercantile Risks	316,134	1,483,317	0.515	0.936	0.890
		8 Offices and Banks	529,692	2,634,823	0.426	0.810	0.770
		9 Recreational Facilities	1,649,571	8,133,489	0.691	0.826	0.786

NEW JERSEY
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 37: Multiline Industrial/Processing	13 Motor Vehicle Risks	2,427,210	12,700,666	1.310	1.298	1.235
		14 Other Non-Manufacturing	576,802	3,303,616	1.545	1.413	1.345
		15 Storage	574,091	2,732,294	2.421	1.878	1.787
		21 Metal Manufacturing	30,874	178,637	0.125	1.057	1.006
		22 Other Manufacturing	165,781	980,903	0.000	0.813	0.774
		TOTAL	6,427,084	32,949,707	1.089	1.157	1.101
		4 Other Mercantile Risks	154,627	826,092	0.226	0.928	0.883
		8 Offices and Banks	61,123	298,310	3.462	1.711	1.628
		13 Motor Vehicle Risks	7,984	27,110	0.000	1.081	1.029
		14 Other Non-Manufacturing	34,852	138,671	27.629	5.701	5.424
		15 Storage	1,636	19,324	0.000	1.084	1.031
		17 Food Manufacturing	583,241	3,220,048	1.600	1.427	1.358
		18 Wood Manufacturing	286,385	1,527,390	0.785	1.054	1.003
Entire State	TOP 38: Multiline Contractors	19 Wearing Apparel	228,424	1,074,882	0.013	0.813	0.773
		20 Chemical Manufacturing	217,790	598,054	0.379	1.014	0.965
		21 Metal Manufacturing	964,476	5,171,783	1.303	1.280	1.218
		22 Other Manufacturing	967,464	4,851,331	2.554	2.065	1.965
		TOTAL	3,508,002	17,752,995	1.762	1.491	1.419
		4 Other Mercantile Risks	1,255,427	6,435,083	1.108	1.149	1.093
		8 Offices and Banks	492,469	2,553,338	0.252	0.724	0.689
		14 Other Non-Manufacturing	100,596	521,541	0.100	0.958	0.912
		TOTAL	1,848,492	9,509,962	0.825	1.026	0.976
Entire State	TOP: All TOPS	1 Apartments	5,752,784	22,639,557	1.121	1.023	0.973
		2 Other Habitational	1,130,905	5,626,439	2.111	1.345	1.280
		3 Restaurants & Bars	2,102,688	10,106,800	0.900	1.016	0.967
		4 Other Mercantile Risks	8,439,178	41,515,689	1.062	1.045	0.994
		5 Public Buildings	200,892	1,007,804	0.259	0.880	0.837
		6 Churches	2,885,410	13,373,023	0.416	0.801	0.762
		7 Schools	2,009,762	9,896,355	0.628	0.927	0.882
		8 Offices and Banks	3,675,721	18,541,158	0.649	0.859	0.818
		9 Recreational Facilities	2,405,573	11,756,587	0.526	0.785	0.747
		10 Hotels and Motels	502,785	2,395,396	1.808	1.101	1.047
		11 Hospitals and Nursing Homes	458,404	2,486,418	1.834	1.071	1.018

NEW JERSEY
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	5 - Year	5 - Year	Credibility Weighted	Credibility
			Aggregate Loss Costs	Aggregate Loss Costs	Experience Ratio	Experience Ratio	Weighted Relativity
		13 Motor Vehicle Risks	3,543,216	17,320,177	1.371	1.229	1.169
		14 Other Non-Manufacturing	1,308,449	6,844,945	1.782	1.245	1.185
		15 Storage	1,907,094	8,521,196	1.382	1.200	1.142
		17 Food Manufacturing	660,135	3,399,185	1.413	1.320	1.256
		18 Wood Manufacturing	305,058	1,677,164	0.737	1.020	0.971
		19 Wearing Apparel	249,563	1,126,367	0.012	0.786	0.747
		20 Chemical Manufacturing	250,360	698,524	0.376	0.955	0.908
		21 Metal Manufacturing	1,150,486	5,922,497	1.121	1.171	1.114
		22 Other Manufacturing	1,202,910	6,231,385	2.056	1.801	1.714
		TOTAL	40,141,373	191,086,666	1.057	1.051	1.000