

LOSS COSTS – IMPLEMENTATION

MAY 7, 2024

COMMERCIAL AUTOMOBILE

LI-CA-2024-124

## MONTANA REVISED COMMERCIAL AUTO ADVISORY PROSPECTIVE LOSS COSTS TO BE IMPLEMENTED

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### KEY MESSAGE

Loss costs representing a **20.2%** statewide change to be implemented.

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### BACKGROUND

In circular [LI-CA-2024-068](#), we provided you with information about the Commercial Auto loss cost level experience review.

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### CONSIDERATION OF COVID-19

There will almost certainly be long-term behavioral, social and economic changes as a result of COVID-19. So far, we observe that the pandemic resulted in decreases for Commercial Auto frequencies with some offsetting effects on severity. We are including the pandemic experience in our review without adjustment. We will continue to monitor existing reporting trends, including how new data entering the experience period of our next review reflects COVID-19 impacts. Please feel free to contact us for additional discussion, clarification or questions.

See the filing material for further details.

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### ISO ACTION

We are implementing [CA-2024-BRLA1](#), which presents a review of Commercial Auto loss cost experience. Refer to the attached explanatory material for complete details about the filing.

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

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### SUPPLEMENTARY INFORMATION

We are including supplementary information for Montana, which provides additional information on the attached loss cost level experience review.

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

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### EFFECTIVE DATE

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

These changes are applicable to all policies written on or after September 1, 2024.

This effective date applies only to those insurers who have filed their Commercial Auto loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

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## IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of September 1, 2024, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

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## COMPANY ACTION

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

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CA-2024-BRLA1 and SERFF Tracking Number ISOF-G134086985, NOT this circular number.

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

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## RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2024-016](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## FUTURE ISO ACTION

We will provide a status report for this and other Basic Limits Loss Costs (BRLA1) revisions. Please refer to the Insurance Lines Services web site ([www.verisk.com/ils](http://www.verisk.com/ils)). In addition to other information, this web site contains copies of major multistate filing status reports that are updated approximately every two weeks.

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## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 9-24 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

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## REFERENCE(S)

- [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing
- [LI-CA-2024-068](#) (03/06/2024) Commercial Auto Experience Level Indications Reviewed By Staff

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**ATTACHMENT(S)**

- Filing CA-2024-BRLA1
- Supplementary Information

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**FILES AVAILABLE FOR DOWNLOAD**

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

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

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**DATA QUALITY**

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

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**ACKNOWLEDGEMENT 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 this loss cost review a Statement of Actuarial Opinion; therefore, we are including the following acknowledgment:

I, Rebecca Gordon, am an Actuarial Associate for ISO, and I, Kevin Hughes, am an Actuarial Director for Commercial Auto for ISO. We are jointly responsible for the content of this Statement of Actuarial Opinion. We are both members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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**ISO RISK ANALYZER®**

The loss cost analysis in this circular is reflected in ISO Risk Analyzer®, a suite of predictive models that help with granular pricing of insurance risks. Risk Analyzer can provide loss costs for refined territories and classes, as well as feed custom modeling efforts. For more information, please visit <https://www.verisk.com/riskanalyzer>.

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## CONTACT INFORMATION

If you have any questions concerning:

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

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MONTANA

BASIC LIMITS PROSPECTIVE LOSS COST LEVEL – COMMERCIAL AUTOMOBILE

FILING CA-2024-BRLA1

EXECUTIVE SUMMARY

|   |   |
|---|---|
| PURPOSE   | <p>This document:</p> <ul style="list-style-type: none"><li>• revises the advisory prospective loss costs for the major Commercial Automobile classes. These loss costs represent a 20.2% statewide change from the loss costs currently in effect.</li><li>• provides the analyses used to derive these advisory loss costs.</li></ul>   |
| DEFINITION OF THE ISO ADVISORY PROSPECTIVE LOSS COSTS | <p>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 through development to their ultimate value and projected through trending to a future point in time. Throughout this document the words “loss cost” are synonymous with the words “prospective loss cost.”</p>  |
| AUTO ACCIDENT FREQUENCY                               | <p>During the recent pandemic, economic activity was artificially constrained, resulting in an unprecedented drop in auto accident frequency. Following that period, ISO has observed that accident frequency has not risen as quickly as expected and remains below pre-pandemic levels. Today this means we have loss experience being reviewed from time periods with both significantly higher frequency than today, and significantly lower frequency than today, and the future is marked by greater-than-usual uncertainty. We continue to carefully assess each experience indication for appropriateness, using actuarial judgment to intervene where necessary.</p> |
| FORMAT  | <p>In this document, all explanatory material appears first, followed by all exhibits, and then the revised prospective loss costs. Explanatory pages are numbered B-1 through C-28, the exhibits are labeled EXHIBIT A1 through EXHIBIT C19, and the revised prospective loss cost pages are numbered D-1 through D-9.</p>   |
| AUTO DEALERS AND GARAGEKEEPERS                        | <p>The Auto Dealers Liability coverage and the Auto Dealers and Garagekeepers Physical Damage coverages are not being reviewed this year.</p>   |

REVISED LOSS  
COST CHANGES

The statewide advisory loss cost level changes are:

| <u>Trucks, Tractors &amp; Trailers</u> | <u>Indicated</u> | <u>Filed</u> |
|--|------------------|--------------|
| Liability                              |                  |              |
| Single Limit Liability                 | 17.6%            | 17.6%        |
| Physical Damage                        |                  |              |
| Other than Collision                   | 22.1%            | 22.1%        |
| Collision                              | 34.3%            | 34.3%        |
| Total Trucks, Tractors & Trailers      | 21.7%            | 21.7%        |
| <br><u>Private Passenger Types</u>     |                  |              |
| Liability                              |                  |              |
| Single Limit Liability                 | 9.0%             | 9.0%         |
| Physical Damage                        |                  |              |
| Other than Collision                   | 9.6%             | 9.6%         |
| Collision                              | 15.3%            | 15.3%        |
| Total Private Passenger Types          | 10.2%            | 10.2%        |
| <br><u>Grand Total</u>                 | <br>20.2%        | <br>20.2%    |

Loss cost level changes are relative to the current loss costs.

INDICATED VS.  
FILED

Indicated changes are based on standard ISO methodology, utilizing a 8/1/2023 trend effective date. The filed loss cost level changes are the same as the indicated without any exceptions.

PRIOR ISO  
REVISIONS

The latest selected revisions in this state are:

| <u>Filing</u>             | CA-2023-BRLA1 | CA-2022-BRLA1 | CA-2021-BRLA1 |
|---------------------------|---------------|---------------|---------------|
| Rate Level/<br>Loss Costs | Loss Costs    | Loss Costs    | Loss Costs    |
| Effective Date            | 8/1/2023      | 7/1/2022      | 7/1/2021      |
| <u>Changes</u>            |               |               |               |
| Indicated                 | 11.5%         | 4.3%          | 8.1%          |
| Filed                     | 10.4%         | 3.6%          | 8.0%          |
| Approved                  | 10.4%         | 3.6%          | 8.0%          |

HISTORICAL  
SOURCE DATA

The sources of the data underlying this loss cost review are:

- ISO companies reporting voluntary automobile experience under the Commercial Automobile modules of ISO's statistical plans.
- Accident year data through year ended 12/31/2022 for all coverages.

ADJUSTMENTS TO  
REPORTED  
EXPERIENCE

Loss Trend

To adjust the loss data to levels expected to prevail during the period when the revised loss costs will be in effect, historical losses have been multiplied by trend factors. These trend factors are based on the changes in claim cost and claim frequency that are expected to arise between the historical experience period and the prospective period during which the revised loss costs are anticipated to be in effect. Historically, frequency trends for Commercial Auto liability have been quite variable, have differed between Trucks, Tractors, and Trailers (TTT) and Private Passenger Types (PPT) liability classes, and have often displayed cyclical patterns. As a result, an exponential curve of the form  $Y=A(B^X)$  does not fit the data well over the long term. To reflect these characteristics and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages.

Claim cost trend data through fourth quarter 2022 and claim frequency trend data through third quarter 2022 were used in selecting the following annual liability trend factors:

| <u>Coverage</u>                           | <u>Annual<br/>Trend Factor</u> |
|---|--------------------------------|
| Trucks, Tractors, and Trailers Liability: |                                |
| Bodily Injury                             | +8.6%                          |
| Property Damage                           | +11.6%                         |
| Private Passenger Types Liability:        |                                |
| Bodily Injury                             | +8.6%                          |
| Property Damage                           | +11.6%                         |
| Trucks, Tractors & Trailers OTC           | +8.5%                          |
| Trucks, Tractors & Trailers Collision     | +11.5%                         |
| Private Passenger Types OTC               | +8.0%                          |
| Private Passenger Types Collision         | +11.0%                         |

Liability Premium Trend

To recognize the trend in the Vehicle Age factors and Original Cost New factors for Trucks, Tractors & Trailers and Private Passenger Types Liability, aggregate loss costs at current level have been multiplied by premium trend factors. The selected annual Liability premium trends are +0.0% for Trucks, Tractors & Trailers and -0.2% for Private Passenger Types.

Physical Damage Vehicle Value Factor (VVF) Trends

To recognize the trend in the vehicle value component of the rating procedure (which includes Vehicle Age and Original Cost New) for Trucks, Tractors & Trailers and Private Passenger Types Physical Damage, aggregate loss costs at current level have been multiplied by VVF trend factors. The selected annual VVF trend factors for Trucks, Tractors & Trailers are +0.8% and +0.2% for OTC and Collision respectively. For Private Passenger Types, the VVF trend factors are +2.5% and +1.1% for OTC and Collision respectively.

Standard actuarial procedures have been used in calculating the loss costs including adjusting the losses to ultimate settlement level, reflecting all loss adjustment expenses.



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TEN LARGEST  
COMPANIES/  
GROUPS  
IN THIS REVIEW

LIABILITY (ASLOB 19.3 & 19.4)

1. Cincinnati Ins Co.
2. Liberty Mutual Ins Co.
3. Travelers Ind Co.
4. Employers Mutual Cas Co.
5. Nationwide Mut Ins Co.
6. Western Nat'l Mut Ins Co.
7. Tokio Marine Cos.
8. NGM Ins Co.
9. Insurance Co of North America
10. Allstate Ins Co.

PHYSICAL DAMAGE (ASLOB 21.2)

1. Liberty Mutual Ins Co.
2. Cincinnati Ins Co.
3. Travelers Ind Co.
4. Employers Mutual Cas Co.
5. Western Nat'l Mut Ins Co.
6. NGM Ins Co.
7. Tokio Marine Cos.
8. Nationwide Mut Ins Co.
9. American International Group
10. Federated Mut Ins Co.

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for the year ending 12/31/2022 for the Annual Statement Line of Business (ASLOB) indicated.

MARKET SHARE

The market share of ISO participating insurers used in this review as measured by Annual Statement Page 15 written premium for the year ending 12/31/2022 is:

Liability (ASLOB 19.3 & 19.4)  
48.4%

Physical Damage (ASLOB 21.2)  
38.1%

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 make such independent judgments.

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

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|   |  |
|---|--|
| INTRODUCTION  | Commercial Automobile advisory 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 by coverage for the major classes.   |
| STEP 1:<br>DETERMINATION<br>OF STATEWIDE<br>LOSS COST<br>INDICATION | The first step in this process is the determination of the statewide loss cost indication by major class/coverage. In other words, what percentage changes on average 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 "Determination of Statewide Advisory Loss Cost Level Change." See the calculations in <b>Exhibits B1-B4</b> . |
| STEP 2:<br>DISTRIBUTION TO<br>TERRITORIES                           | For all of the liability coverages and for Trucks, Tractors & Trailers and Private Passenger Types Physical Damage, ISO then distributes the filed statewide basic limit loss cost change to the individual territorial loss costs by comparing the relative loss experience by territory to the statewide average. See the calculations in <b>Exhibits B5-B10</b> .   |
| STEP 3:<br>APPLICATION OF<br>PERCENT CHANGES                        | The last step is the calculation of the ISO advisory prospective loss costs. This is achieved by applying either the filed statewide or territorial changes to the current ISO loss costs. For liability, the percentage change is applied at the basic limit; for physical damage, it is applied at the base OCN, age and deductible. The resulting Loss Costs are displayed in Section D.  |

## OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

### STEP 1 – DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGE

|                                     |  |
|-------------------------------------|--|
| OBJECTIVE                           | <p>The objective of this procedure is to determine the indicated statewide advisory loss cost level change. This procedure answers the question: what percentage changes must be made on average 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 developed and trended incurred losses and loss adjustment expenses with the aggregate loss costs at current ISO loss cost level, which is the aggregate amount that would have been collected if the current ISO loss costs were used during the experience period. This experience ratio (losses and all loss adjustment expenses divided by aggregate loss costs) is calculated for several years and a weighted average is calculated. The weights are determined as a function of the credibility or volume of claim experience. 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. This credibility weighted experience ratio is the indicated statewide advisory loss cost level change in decimal form. See the calculations in <b>Exhibits B1-B4</b>.</p> |
| EXPERIENCE<br>BASE                  | <p>The experience used in this review is the latest available as reported under the ISO Commercial Statistical Plan. All coverages are on an accident year basis. For liability, the review is conducted on a \$100,000 basic limits basis - indemnity losses are limited to \$100,000 per occurrence.</p>   |
| AGGREGATE LOSS<br>COSTS<br>(Item 1) | <p>The aggregate loss costs at current ISO loss cost level are the loss-related revenue that would have been collected if the current ISO loss costs were used during the experience period. It is calculated by extending the exposures by the current ISO loss costs. For liability, the \$100,000 basic limit loss costs are used. For Trucks, Tractors, and Trailers and Private Passenger Types Physical Damage, loss costs are on an all deductibles combined basis.</p> <p>Trucks, Tractors &amp; Trailers and Private Passenger Types aggregate loss costs are placed on the prospective OCN and Vehicle Age relativity level by the application of premium trend factors.</p>   |

INCURRED  
LOSSES & LAE  
(Item 2)

The incurred losses and loss adjustment expenses are our best estimate of the ultimate payment for indemnity losses and loss adjustment expenses using the claim frequency and severity levels ISO expects to occur during the prospective period for which the revised loss costs will be used.

For the liability coverages, the reported incurred losses and allocated loss adjustment expenses are subject to the following adjustments:

- Incurred indemnity losses are capped at the basic limit;
- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for unallocated loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

For the physical damage coverages, the reported paid (accident year) losses are subject to the following adjustments:

- Paid Other Than Collision losses are adjusted using an Excess Wind and Water procedure;
- Developed to an ultimate settlement basis by the application of loss development factors;
- Loaded for all loss adjustment expenses;
- Placed on the prospective cost/frequency levels by the application of trend factors.

Refer to Section C for the support for these loss related adjustments.

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EXPERIENCE  
RATIO  
(Item 3)

The experience ratio is the ratio of the incurred losses and loss adjustment expenses to the aggregate loss costs at current ISO loss cost level. It measures the adequacy of the current ISO loss costs for the prospective period.

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YEAR WEIGHTS  
(Item 4)

The number of years of experience used and year weights are determined by the total number of claims in the experience period. To the extent there is adequate credibility, ISO uses fewer years and gives greater weight to the most recent years. Refer to the credibility pages of Section C for the methodology used to arrive at both the number of years used and the year weights.

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EXPECTED  
EXPERIENCE  
RATIO  
(Item 7)

The expected experience ratio is our best prediction of the experience ratio if the most recent data was 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 to the extent of the net trend. It is calculated as the combined trend factor projected for the number of years between the last revision (or review) and this revision.

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CREDIBILITY

Credibility is based upon the number of claims for all years in the experience period. The procedure for assigning credibility is outlined in the credibility pages of Section C.

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CREDIBILITY  
WEIGHTED  
EXPERIENCE  
RATIO

The average experience ratio is credibility weighted with the expected experience ratio. The resulting credibility weighted experience ratio, converted to a percentage, is the indicated change to the current ISO loss costs.

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## OVERVIEW OF ISO ACTUARIAL PROCEDURES – COMMERCIAL AUTOMOBILE

### STEP 2 – DETERMINATION OF TERRITORY RELATIVITIES

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|           |  |
|-----------|--|
| OBJECTIVE | The objective of this procedure is to distribute the statewide loss cost indication by territory. In other words, what percentage changes by territory should be made in order to equitably achieve an adequate statewide prospective loss cost level? |
|-----------|--|

---

|   |  |
|---|--|
| TRUCKS, TRACTORS<br>& TRAILERS<br>AND<br>PRIVATE<br>PASSENGER<br>TYPES<br>LIABILITY<br>AND PHYSICAL<br>DAMAGE | For Trucks, Tractors & Trailers and Private Passenger Types, this procedure compares the individual territory experience ratios to the statewide average experience ratio. The territory experience ratio is calculated for the latest 5 years and a statewide weighted-average experience ratio for the same period is calculated using the aggregate loss costs (product of earned car years (col 1) and underlying loss cost (col 2)) as weights. The territory experience ratio is then credibility weighted with the statewide average experience ratio to produce a formula experience ratio. The territory formula experience ratio is then compared to the statewide weighted average formula experience ratio to determine the territory index to state. The territory index is then multiplied by the filed loss cost level change in order to produce the indicated change to the individual territories. This change is then applied to the current territory base loss cost. See the calculations in <b>Exhibits B5-B10</b> . |
|---|--|

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EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND PRIVATE  
PASSENGER TYPES LIABILITY TERRITORY DEVELOPMENT

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|   |   |
|---|---|
| COLUMN (1)<br>EARNED CAR<br>YEARS                     | Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).   |
| COLUMN (2)<br>\$100,000 LOSS<br>COST                  | Average \$100,000 loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the \$100,000 basic limit at the present ISO manual level trended to a prospective level by the application of premium trend factors.  |
| COLUMN (3)<br>5 YEAR ENDED<br>EXPERIENCE<br>LOSS COST | Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is Bodily Injury and Property Damage combined and is trended and developed to an ultimate settlement basis including all loss adjustment expenses.   |
| COLUMN (4)<br>EXPERIENCE<br>RATIO LOSS<br>COST        | For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average \$100,000 loss cost at present ISO manual level. [Col. (3) / Col. (2)]  |
| COLUMN (5)<br>CREDIBILITY                             | The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section C for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).  |
| COLUMN (6)<br>FORMULA<br>EXPERIENCE<br>RATIO          | <p>The formula experience ratio is a credibility weighted average of the territory group experience ratio and statewide experience ratio. The formula is as follows:</p> $\frac{[\text{Terr. Group Col. (4)} \times \text{Terr. Group Col. (5)}] + [\text{SW Total Col. (4)} \times (1.0 - \text{Terr. Group Col. (5)})]}{[\text{Terr. Group Col. (5)} + (1.0 - \text{Terr. Group Col. (5)})]}$ |



COLUMN (7)  
INDEX TO  
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

[Terr. Col (6) / SW Total Col. (6)]

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [ Col. (1) x Col. (2) ] as weights.)

---

COLUMN (8)  
BASE CLASS  
LOSS COST

Present ISO \$100,000 base class loss cost.

---

COLUMN (9)  
INDICATED BASE  
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

---

COLUMN (10)  
REVISED BASE  
LOSS COST

Revised \$100,000 base loss cost.

---

COLUMN (11)  
ADVISORY  
LOSS COST  
CHANGE

Percentage change from the present \$100,000 base loss cost to the revised \$100,000 base loss cost.

---

EXPLANATORY MEMORANDUM FOR TRUCKS, TRACTORS & TRAILERS AND  
PRIVATE PASSENGER TYPES  
PHYSICAL DAMAGE TERRITORY DEVELOPMENT

|   |  |
|---|--|
| COLUMN (1)<br>EARNED CAR<br>YEARS                     | Number of car-years, or exposures, earned in the latest year. These exposures are used to calculate the weighted averages through the analysis. (For calculating the weighted average of the Experience Ratio in Col (4) and the Formula Experience Ratio in Col (6) the product of [Col(1) x Col(2)] are used as weights).                            |
| COLUMN (2)<br>UNDERLYING<br>LOSS COST                 | Average loss cost at current level (earned aggregate loss cost at current level divided by exposures) is based on the latest accident year experience available and reflects the present ISO manual loss cost trended to a prospective level by the application of VVF trend factors.  |
| COLUMN (3)<br>5 YEAR ENDED<br>EXPERIENCE<br>LOSS COST | Loss cost based on the latest 5 years of experience (for purposes of stability). The loss cost is trended and include all loss adjustment expenses.  |
| COLUMN (4)<br>EXPERIENCE<br>RATIO LOSS<br>COST        | For each coverage, an experience ratio by territory is derived by dividing the 5 year experience loss cost by the average loss cost at present ISO manual level. [Col. (3) / Col. (2)]   |
| COLUMN (5)<br>CREDIBILITY                             | The experience ratio thus calculated is assigned a credibility value on the basis of the number of claims underlying the 5 year pure premium (See Section C for credibility standards). The complement of the credibility is assigned to the statewide experience ratio which appears in Col. (4).   |
| COLUMN (6)<br>FORMULA<br>EXPERIENCE<br>RATIO          | <p>The formula experience ratio is a credibility weighted average of the territory group experience ratio and statewide experience ratio. The formula is as follows:</p> $\begin{aligned} &[\text{Terr. Group Col. (4)} \times \text{Terr. Group Col. (5)}] \\ &+ [\text{SW Total Col. (4)} \times (1.0 - \text{Terr. Group Col. (5)})] \end{aligned}$ |

COLUMN (7)  
INDEX TO  
STATE

Territory indices to state are calculated by dividing the territory formula experience ratio by the statewide average formula experience ratio

$$[\text{Terr. Col (6)} / \text{SW Total Col. (6)}]$$

(Statewide Total Col. (6) is the weighted average formula experience ratio using the individual products of [ Col. (1) x Col. (2) ] as weights.)

---

COLUMN (8)  
BASE CLASS  
LOSS COST

Present ISO base class loss cost.

---

COLUMN (9)  
INDICATED BASE  
LOSS COST

Indicated base class loss cost for a particular territory. It is calculated by applying the product of the statewide loss cost level change and the territory index [Col. (7)] to the present ISO loss cost.

---

COLUMN (10)  
REVISED BASE  
LOSS COST

Revised base loss cost.

---

COLUMN (11)  
ADVISORY  
LOSS COST  
CHANGE

Percentage change:  
$$[\text{Col. (10)} / \text{Col. (8)}]$$

---

## 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. See the calculations in <b>Exhibit C1</b> .   |
| LIABILITY COVERAGES       | For the liability coverages, allocated loss adjustment expenses are reported in detail to ISO under the Commercial Statistical Plan. Unallocated loss adjustment expenses must be loaded into the losses. A factor representing the ratio of the sum of the incurred indemnity losses plus all LAE to the sum of the incurred indemnity losses plus allocated LAE was selected based on multistate financial data from a Special Call Submission for available writers. |
| PHYSICAL DAMAGE COVERAGES | For the physical damage coverages, accident year paid indemnity losses are reported. All loss adjustment expenses must be loaded into the reported losses. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data from the Insurance Expense Exhibits for agency and direct writers.  |

## AVERAGE ANNUAL CHANGE IN LOSSES (LOSS TREND)

|  |  |
|--|--|
| OBJECTIVE  | The application of the average annual change in losses to historical data recognizes that advisory loss costs are being made for use in a future period based on historical experience. Due to economic and social factors, claim cost and frequency levels continue to change from those underlying the historical data.  |
| DETERMINATION OF HISTORICAL AVERAGE CLAIM COST TREND | To determine the historical average claim cost trend, ISO makes use of the Least Squares Method fitted to the reported time series data; specifically, an exponential curve represented by the equation $Y=A(B^X)$ is fitted to the paid claim cost data. The parameters A and B are calculated by regressing Y, which is the applicable claim cost on X, which is the unit of time. The resulting fitted curve allows the determination of a historical average trend for the data under review. See the calculations in <b>Exhibits C2-C3</b> .  |
| LIABILITY LOSS TREND                                 | The historical average annual change in claim costs for both Bodily Injury and Property Damage coverages are measured in this document using a credibility-weighted mix of multistate and statewide data. Prospective average annual changes for claim frequency have been selected based on the historical multistate data, as well as other relevant factors. Combining the state credibility-weighted claim cost trends with the selected claim frequency trends results in the selected Bodily Injury and Property Damage pure premium trend used to adjust the losses to a prospective level. |
| TREND CREDIBILITY FOR LIABILITY CLAIM SEVERITY       | <p>Trend credibility is based on a full credibility standard of 975,000 claims for BI and 390,000 claims for PD. These standards were developed using a Bayesian analysis. Partial credibility is determined by the following formula:</p> $A = C/(C+K)$ <p>where C equals the number of claims for the latest year ended point and K equals 25,000 for bodily injury and 10,000 for property damage. The resulting table of partial credibilities is shown in this section.</p>   |

LIABILITY:  
FREQUENCY  
TREND

---

The data underlying the claim frequency trend selections is shown on the attached claim frequency exhibits. See the calculations in **Exhibits C4-C5**. The exhibits include quarterly points for Multistate incurred frequency trend separately for Trucks, Tractors, and Trailers and Private Passenger Types. As can be seen from these exhibits (and corresponding graphs), frequency for both bodily injury and property damage has generally changed from year to year in an unpredictable manner.

Historically, frequency trends for Commercial Auto liability have been quite variable, have differed between Trucks, Tractors, and Trailers (TTT) and Private Passenger Types (PPT) liability classes, and have often displayed cyclical patterns. As a result, an exponential curve of the form  $Y=A(B^X)$  does not fit the data well over the long term. To reflect these characteristics and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages.

---

PHYSICAL  
DAMAGE:  
LOSS TREND

Data Selections

- In our Physical Damage Trend review, we try to include as much data as possible for each deductible level that we analyze. With this goal in mind, for a given deductible level, we include all losses written at or below that deductible level. For example, consider an event causing \$1,500 of damage on a policy written with a \$250 deductible. This would be reported as a \$1,250 loss. In order to include as much data as possible in our review, we would generate 3 different records for this loss, one at each deductible that we analyze:

At \$250 deductible: \$1,250 loss

At \$500 deductible: \$1,000 loss

At \$1,000 deductible: \$500 loss

Each of these deductible levels is analyzed independently of the other levels, so that there are no instances of double-counting loss records.

- Wind and Water losses are removed from our Other Than Collision trend reviews due to the high variability of these types of losses from year to year.
- Theft losses have been removed from our Other Than Collision trend reviews due to a large increase in small-value theft claims which have caused an inappropriate distortion in severity trend.

Data Adjustments

In our Physical Damage trend review, we employ two adjustments to the data with the objective of diminishing distortions in the trend that we do not wish to measure. Our goal is to only measure inflationary effects.

PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

1) All losses are divided by the appropriate classification factors that correspond to that record in order to diminish the effect that variations in these factors from one year to the next have on the trend calculation. For example, if a shift in the distribution of vehicle weights occurred, we would want to remove the corresponding shift in loss severity from our estimate of severity trend. Due to the introduction of Vehicle Value Factor Trend on the premium side, we are no longer dividing losses by an Age Factor in our loss trend analysis.

2) All Other Than Collision losses are adjusted to correct for the distortion on trend results created by a change in the distribution of types of loss from one year to the next. The Other Than Collision severity is a weighted-average of the severities for each type of loss (glass, fire, theft, etc.). Since each type of loss has a different severity (for example, glass losses have a much smaller severity than other types of loss), then variations in the distribution of types of loss may lead to changes in the severity that we do not want to measure (if one year 5% of losses are glass losses, and the next year 30% of losses are glass losses, we would expect the average severity of all Other Than Collision losses to decrease). To correct this, we calculate the proportion of losses for each type of loss averaged over all years in the experience period.

Consider the following example, where an adjustment is NOT made to the data. Assume 10% annual inflation for all losses:

|                       | Year 1 |         | Year 2 |         |
|-----------------------|--------|---------|--------|---------|
| Type of Loss          | Glass  | Fire    | Glass  | Fire    |
| Claims                | 10     | 3       | 15     | 5       |
| Severity of Each Loss | \$50   | \$1,000 | \$55   | \$1,100 |
| Total Losses          | \$500  | \$3,000 | \$825  | \$5,500 |

Average severity of losses in Year 1 is  $(\$500 + \$3,000) / 13 \text{ claims} = \$269$

Average severity of losses in Year 2 is  $(\$825 + \$5,500) / 20 \text{ claims} = \$316.25$

Average Severity trend =  $(\$316.25 / \$269) - 1 = 17.6\%$

Now consider the same scenario, where an adjustment IS made to the data:

|                            | Year 1      |            | Year 2      |            |
|----------------------------|-------------|------------|-------------|------------|
| Type of Loss               | Glass       | Fire       | Glass       | Fire       |
| Claims                     | 10          | 3          | 15          | 5          |
| Percentage of Total Claims | 10/13 = 77% | 3/13 = 23% | 15/20 = 75% | 5/20 = 25% |

Average Percentage of Claims for Glass losses:  $(77\% + 75\%) / 2 = 76\%$

Average Percentage of Claims for Fire losses:  $(23\% + 25\%) / 2 = 24\%$

PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

The number of claims for each type of loss for each year is replaced by these averages:

|              | Year 1     |             | Year 2     |            |
|--------------|------------|-------------|------------|------------|
| Type of Loss | Glass      | Fire        | Glass      | Fire       |
|              | 76% x 13 = | 24 % x 13 = | 76% x 20 = | 24% x 20 = |
| Claims       | 9.88       | 3.12        | 15.2       | 4.8        |
| Severity of  |            |             |            |            |
| Each Loss    | \$50       | \$1,000     | \$55       | \$1,100    |
| Total Losses | \$494      | \$3,120     | \$836      | \$5,280    |

Average severity of losses in Year 1 is  $(\$494 + \$3,120) / 13 \text{ claims} = \$278$

Average severity of losses in Year 2 is  $(\$836 + \$5,280) / 20 \text{ claims} = \$305.80$

Average Severity trend =  $(\$305.80 / \$278) - 1 = 10.0\%$

Note that the total number of claims each year remains unchanged from the total before the adjustment is made.

Year 1 claims =  $9.88 + 3.12 = 13 \text{ claims}$

Year 2 claims =  $15.2 + 4.8 = 20 \text{ claims}$

Although new claims totals by type of loss are used in the calculation, the impact of the adjustment is to change only the loss totals, so frequency figures are not changed. The result is equivalent to a re-weighting of the severities so that each type of loss has a consistent weight from year to year.

By keeping each type of loss' proportion of total claims constant from year to year, we remove distortions in the trend caused by changes in the distribution of types of loss.



PHYSICAL  
DAMAGE:  
LOSS TREND  
(CONT'D)

For the OTC coverages, there is a change to how glass losses are handled when shifting from one deductible to another. ISO collects a coverage code indicating if the deductible is waived for glass losses or not ("full glass" and "non-full glass", respectively). However some insurers waive deductibles on glass losses even when the policy isn't a "full glass" coverage policy. Recently we began to also collect a Type of Loss code indicating if a deductible has been waived for the particular claim. In situations where a claim is reported with a coverage code and Type of Loss code that aren't consistent on how a glass loss was handled, we previously used the coverage code to determine how we interpreted the loss amount. Now this scenario is handled based on the information in the new Type of Loss code.

The trend selections for physical damage are based on the data in the attached exhibits. See the calculations in **Exhibits C8-C11**. Each exhibit includes the distribution of losses, by deductible, for the most recent year. We analyze frequency trend and severity trend separately, using data at the \$500, \$1,000, and \$2,000 deductibles for OTC, and at the \$500, \$1,000, and \$2,000 deductibles for Collision.

Historically, claim frequency (like liability claim frequency) had been variable from year to year, often cyclical. As a result, an exponential curve of the form  $Y=A(B^x)$  did not fit the frequency data well. In the interest of long-term stability, we have selected 0.0% trend factors for frequency.

Based on this multistate experience and on the continued positive trends in the Consumer Price Index for Bodywork, ISO has selected the following annual trends:

|       | Trucks, Tractors & Trailers | Private Passenger Types |
|-------|-----------------------------|-------------------------|
|       | <u>Pure Premium</u>         | <u>Pure Premium</u>     |
| OTC:  | +8.5%                       | +8.0%                   |
| COLL: | +11.5%                      | +11.0%                  |

---

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE  
SUPPLEMENTARY EXHIBIT

| Quarterly<br>Values<br><u>Ending</u> | Consumer Price Index for Bodywork |                        |
|--------------------------------------|-----------------------------------|------------------------|
|                                      | <u>Actual</u>                     | <u>Exponential Fit</u> |
| 3/31/2020                            | 3.194                             | 3.146                  |
| 6/30/2020                            | 3.248                             | 3.210                  |
| 9/30/2020                            | 3.263                             | 3.275                  |
| 12/31/2020                           | 3.283                             | 3.342                  |
| 3/31/2021                            | 3.315                             | 3.410                  |
| 6/30/2021                            | 3.384                             | 3.480                  |
| 9/30/2021                            | 3.458                             | 3.551                  |
| 12/31/2021                           | 3.561                             | 3.623                  |
| 3/31/2022                            | 3.703                             | 3.697                  |
| 6/30/2022                            | 3.848                             | 3.772                  |
| 9/30/2022                            | 3.903                             | 3.849                  |
| 12/31/2022                           | 3.984                             | 3.928                  |
| 3/31/2023                            | 4.050                             | 4.008                  |
| 6/30/2023                            | 4.122                             | 4.089                  |
| 9/30/2023                            | 4.142                             | 4.173                  |
| 12/31/2023                           | 4.131                             | 4.246                  |
|                                      |                                   | Average                |
|                                      |                                   | Annual                 |
|                                      | <u>R-Squared</u>                  | <u>Change</u>          |
| 16 Point Fit                         | 0.9661                            | 8.5%                   |
| 12 Point Fit                         | 0.9522                            | 9.3%                   |

## LIABILITY PREMIUM TREND

### OBJECTIVE

For Trucks, Tractors & Trailers and Private Passenger Types Liability, as new, higher-valued commercial automobiles are introduced and existing vehicles are taken out of service, there is a change in revenue due to the Liability Vehicle Age Factor and the Liability OCN Factor, which represent differences in expected Liability loss experience associated with Vehicle Age and Original Cost New. In order to reflect the revenue impact of such changes during the prospective period, ISO uses a premium trend procedure.

### DATA LIMITATIONS UNIQUE TO PREMIUM TREND

We began collecting Vehicle Age and OCN for the Liability coverage in 2016 and the new fields became mandatory in 2019. However, the reporting on Liability records is still insufficient to support a premium trend analysis. Instead, since the new variables have always been part of our physical damage rating plan, we opted to perform our analysis using Collision data. The Collision exposures were rated as if they were Liability exposures. Approximately 80% of vehicles are provided Collision coverage. Nevertheless, we expect that some selection bias is present in the results, and we plan to switch to using Liability exposures for this analysis as soon as that is reasonably possible.

There are more serious data limitations than the selection bias that might be present due to using Collision exposures.

The Vehicle Age values we collect include coding for individual vehicle ages out to the 26th preceding model year, with a final category for the 27th preceding model year and all older vehicles. However the prior version of the ISO rating manual only provided rating factors for vehicle ages out to the tenth preceding model year, terminating with a factor for the 11th preceding model year and older. This final category from the old plan represented approximately 20% of vehicles historically and was reported statistically using an age code of "X".

Although ISO began collecting vehicle age data in fuller detail at the same time as Liability reporting was first introduced, there were similar delays for that change. Consequently, there's a relevant volume of statistically reported data in recent years that still contains exposures coded with the retired age code of "X".

The estimated percentage of total Collision reporting volume represented by companies that are fully reporting vehicle age detail in each year is as follows:

| <u>Earned Year<br/>Ending</u> | <u>Trucks, Tractors<br/>and Trailers</u> | <u>Private<br/>Passenger Types</u> |
|-------------------------------|--|------------------------------------|
| 12/31/2018                    | 0.7%                                     | 3.4%                               |
| 12/31/2019                    | 0.9%                                     | 4.4%                               |
| 12/31/2020                    | 7.7%                                     | 6.2%                               |
| 12/31/2021                    | 38.5%                                    | 24.2%                              |
| 12/31/2022                    | 65.3%                                    | 55.2%                              |

DATA  
LIMITATIONS  
UNIQUE TO  
PREMIUM TREND,  
CONTINUED

For most purposes, a representative average vehicle age value can be assigned to these exposures, allowing the data to be used in our analysis. However, ISO is aware that in the case of premium trend specifically, the indication is not only particularly sensitive to this selection, but also it is also not enough even to choose a correct representative average overall, because here we are focused on the change in the Liability Age Factor over time, even as individual insurers, each of whose book of business has a unique mix, are in the process of switching from reporting Age X to reporting vehicle age in full detail.

As a consequence of these considerations, ISO's actuarial staff made the decision to review premium trend using two cuts of data, and make a judgmental selection based on consideration of both results.

In the first cut of data, we display results using only the most recent four years ending 12/31/2022 for Private Passenger Types, and the three most recent years for Trucks, Tractors and Trailers, and to include in both only companies that reported vehicle age codes in full detail during that timeframe. This first cut has a far smaller volume that is typically used for this analysis, and we do not deem the indications to be fully credible. We observe that the significantly greater volume of usable reporting in the most recent year means that we will have available a much more credible version of this review when we next perform an experience review in one year's time.

The second cut of data includes a much greater volume of data over a full five years, but excludes all vehicles older than the 10th preceding model year. This second cut is much more stable than the first, but likely expresses a significant bias that we are not able to quantify.

---

DESCRIPTION  
OF DATA

Subject to the unique limitations described immediately above, two measures of the average Liability Rating Factors are displayed on the following exhibits. See the calculations in **Exhibits C6-C7**. The data is displayed by coverage. To determine the historical average trend for Factors, ISO makes use of the Least Squares Method to fit a curve to the reported time series data. Specifically, an exponential curve represented by the equation

$$Y = A(B^X)$$

is fitted to the average vehicle value factors. Based on the results of these curves, and mindful of the data limitations discussed above, ISO has selected annual Liability premium trends of 0.0% and 0.0% for Trucks, Tractors & Trailers and Private Passenger Types respectively.

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## PHYSICAL DAMAGE VVF TREND

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### OBJECTIVE

In Physical Damage for Trucks, Tractors & Trailers and Private Passenger Types, as new, higher-valued commercial automobiles are introduced and existing vehicles depreciate, there is a change in revenue due to the vehicle value factor component of the rating procedure, which incorporates the effects of Original Cost New and Vehicle Age. In order to reflect the revenue impact of such changes during the prospective period, ISO uses a VVF trend procedure.

---

### DATA LIMITATIONS UNIQUE TO PREMIUM TREND

The Vehicle Value Factors we are concerned with in this analysis include factors for individual vehicle ages out to the 26th preceding model year, with a final category for the 27th preceding model year and all older vehicles. The prior version of the ISO rating manual only provided rating factors for vehicle ages out to the tenth preceding model year, terminating with a factor for the 11th preceding model year and older. This final category from the old plan represented approximately 20% of vehicles historically and was reported statistically using an age code of "X".

Although ISO began collecting vehicle age data in fuller detail beginning in 2016, the changes did not become mandatory for insurers until mid-2019, and many insurers were not able to meet even this deadline. Consequently, there's a relevant volume of statistically reported data in recent years that still contains exposures coded with the retired age code of "X".

The estimated percentage of total reporting volume represented by companies that are fully reporting vehicle age detail in each year is as follows:

| <u>Earned Year<br/>Ending</u> | <u>Trucks, Tractors<br/>and Trailers</u> | <u>Private<br/>Passenger Types</u> |
|-------------------------------|--|------------------------------------|
| 12/31/2018                    | 0.6%                                     | 3.4%                               |
| 12/31/2019                    | 0.9%                                     | 4.5%                               |
| 12/31/2020                    | 7.6%                                     | 6.3%                               |
| 12/31/2021                    | 37.5%                                    | 24.8%                              |
| 12/31/2022                    | 64.2%                                    | 56.6%                              |

For most purposes, a representative average vehicle age value can be assigned to these exposures, allowing the data to be used in our analysis. However, ISO is aware that in the case of premium trend specifically, the indication is not only particularly sensitive to this selection, but also it is also not enough even to choose a correct representative average overall, because here we are focused on the change in the VVF over time, even as individual insurers, each of whose book of business has a unique mix, are in the process of switching from reporting Age X to reporting vehicle age in full detail.

As a consequence of these considerations, ISO's actuarial staff made the decision to review premium trend using two cuts of data, and make a judgmental selection based on consideration of both results.

DATA  
LIMITATIONS  
UNIQUE TO  
PREMIUM TREND,  
CONTINUED

In the first cut of data, we display results using only the most recent four years ending 12/31/2022 for Private Passenger Types, and the three most recent years for Trucks, Tractors and Trailers, and to include in both only companies that reported vehicle age codes in full detail during that timeframe. This first cut has a far smaller volume that is typically used for this analysis, and we do not deem the indications to be fully credible. We observe that the significantly greater volume of usable reporting in the most recent year means that we will have available a much more credible version of this review when we next perform an experience review in one year's time.

The second cut of data includes a much greater volume of data over a full five years, but excludes all vehicles older than the 10th preceding model year. This second cut is much more stable than the first, but likely expresses a significant bias that we are not able to quantify.

---

DESCRIPTION  
OF DATA

Subject to the unique limitations described immediately above, two measures of the average vehicle value factors (VVF) for Comprehensive and Collision are displayed on the following exhibits. See the calculations in **Exhibits C12-C13**. The data is displayed by coverage. To determine the historical average trend for VVF, ISO makes use of the Least Squares Method to fit a curve to the reported time series data. Specifically, an exponential curve represented by the equation

$$Y = A(B^X)$$

is fitted to the average vehicle value factors. Based on the results of these curves, and mindful of the data limitations discussed above, ISO has selected annual VVF trends of 1.0% and 0.5% for Trucks, Tractors & Trailers OTC and Collision coverages respectively. For Private Passenger Types, VVF trends of 2.5% and 1.2% were selected for the OTC and Collision coverages respectively.

---

## LOSS DEVELOPMENT FOR LIABILITY

|   |  |
|---|--|
| OBJECTIVE                                   | The application of loss development recognizes the important concept that some of the losses for a particular accident year have not been finally determined at the time the experience is compiled.   |
| DESCRIPTION OF EXPERIENCE PERIOD DATA       | For Trucks, Tractors & Trailers, and Private Passenger Types Liability, the incurred losses and allocated loss adjustment expenses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2023. In other words, accident year ended December 31, 2022 includes all losses and allocated loss adjustment expenses paid through March 31, 2023 on accidents occurring from January 1, 2022 to December 31, 2022 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2023, 15 months after the inception of the accident year. Similarly, the incurred losses and allocated loss adjustment expenses for accident year ended December 31, 2021 include all loss and loss adjustment expenses paid through March 31, 2023 on accidents occurring from January 1, 2021 to December 31, 2021 and all losses and allocated loss adjustment expenses outstanding on these accidents as of March 31, 2023, 27 months after the inception of the accident year. The immature experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor. See the calculations in <b>Exhibits C14-C15</b> .   |
| DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY | <p>For Bodily Injury Coverage, states are divided into two multistate groups. One group (No-Fault) consists of states with a no-fault law that has a tort threshold. The other group (Tort) contains the remaining states. The applicable multistate group for this state is used in this document. Losses are developed up to 123 months and are based on \$100,000 CSL data. Three-year averages for Trucks, Tractors &amp; Trailers, and Private Passenger Types are calculated for each link ratio based on a "best three of five" approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Beyond 123 months the loss development is assumed to be unity.</p> <p>For Property Damage Coverage, one multistate group is used. Losses are developed up to 111 months and \$100,000 CSL data is used. Three-year averages for Trucks, Tractors &amp; Trailers, and Private Passenger Types are calculated for each link ratio based on a "best three of five" years approach. Specifically, for the latest five years, the highest and lowest ratios were removed from the calculation and the three year average was calculated using the three remaining factors. Development beyond 111 months is assumed to be unity.</p> |

STATE  
CREDIBILITY  
WEIGHTED  
FACTORS

For Trucks, Tractors & Trailers and Private Passenger Types, statewide loss development factors are credibility weighted with multistate factors. A Bayesian credibility study was done on state 15 to 27 months and 27 to 39 months loss development factors. The study concluded that there is significant statewide variation for bodily injury through 39 months and for property damage through 27 months. For these link ratios, statewide credibility is determined by the formula  $Z = L / (L + K)$ , where Z is the credibility, and L is the 3-year total losses for the particular state (at the earliest of the two evaluations). The complement of credibility is assigned to multistate loss development factors. K is a constant that varies by coverage as follows:

Trucks, Tractors & Trailers

|                          | <u>15 to 27</u> | <u>27 to 39</u> |
|--------------------------|-----------------|-----------------|
| Bodily Injury (tort)     | \$ 2,500,000    | \$ 11,000,000   |
| Bodily Injury (no-fault) | 900,000         | 3,000,000       |
| Property Damage          | 1,500,000       | -               |

Private Passenger Types

|                          | <u>15 to 27</u> | <u>27 to 39</u> |
|--------------------------|-----------------|-----------------|
| Bodily Injury (tort)     | \$ 1,500,000    | \$ 4,000,000    |
| Bodily Injury (no-fault) | 700,000         | 1,700,000       |
| Property Damage          | 600,000         | -               |

TRUCKS,  
TRACTORS &  
TRAILERS AND  
PRIVATE  
PASSENGER  
TYPES

For Trucks, Tractors & Trailers and Private Passenger Types, Bodily Injury loss development factors to ultimate are calculated by accumulating the statewide credibility-weighted 15 to 27 month factor and 27 to 39 month factor, and the multistate average 39 to ultimate factor.

For the property damage coverage, loss development factors to ultimate are calculated by accumulating the statewide credibility-weighted 15-27 month factor and the multistate average 27 to ultimate factor.



## LOSS DEVELOPMENT FOR PHYSICAL DAMAGE

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|   |   |
|---|---|
| OBJECTIVE                                   | The application of loss development recognizes the important concept that some of the losses for a particular accident year have not been finally determined at the time the experience is compiled.  |
| DESCRIPTION OF EXPERIENCE PERIOD DATA       | For Physical Damage, paid losses underlying the statewide loss cost level indications are on an accident year basis and were evaluated as of March 31, 2023. In other words, accident year ended December 31, 2022 includes all losses paid through March 31, 2023 on accidents occurring from January 1, 2022 to December 31, 2022. Similarly, the paid losses for accident year ended December 31, 2021 include all losses paid through March 31, 2023 on accidents occurring from January 1, 2021 to December 31, 2021. The immature paid loss experience reported as of 15 or as of 27 months must be adjusted to a mature or ultimate settlement basis through the use of a loss development factor. See the calculations in <b>Exhibits C16-C17</b> . |
| DESCRIPTION OF LOSS DEVELOPMENT METHODOLOGY | For Collision and Other Than Collision coverages, one multistate group is used. Losses are developed to an ultimate settlement basis. Three-year averages are calculated for each age-to-age link ratio. These link ratios are accumulated to develop losses to 123 months. Development beyond 123 months is assumed to be 1.000.   |

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## CREDIBILITY PROCEDURE FOR EXPERIENCE LOSS RATIO

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**OBJECTIVE** The extent to which the state experience is reflected in the development of the prospective loss costs is determined by the credibility of the data for that state. Specifically, ISO credibility procedures are based upon the volume of claims for each coverage separately.

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**METHODOLOGY** The standards for full credibility were determined from a credibility study using various size of loss distributions for liability, other than collision and collision respectively. Separate standards by coverage/major class for full credibility were calculated using the Mayerson, Jones and Bowers expansion formula.

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**CREDIBILITY FOR EXPERIENCE LOSS RATIO** The assignment of credibility to the experience loss ratio is based on the total number of claims for the years used. For liability, the claims are based on BI and PD claims combined. For physical damage, credibility is determined separately for OTC and Collision. Partial credibility (Z), as used for the experience loss ratio, is determined using the square root rule as follows:

$$Z = \sqrt{\frac{\text{Claims}}{X}}$$

Where X equals the full credibility standard, by line and coverage, as shown on the following pages of this section.

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**YEAR WEIGHTS** The weights assigned to the loss ratio by year are based on the credibility of the average number of claims for the years of experience used. A maximum of five years of experience may be used. This procedure is described in detail in the flow chart on the following page. The claim standard used to determine the year weights is based on the credibility standard for each coverage. The schedules of the number of claims required for the year weight assignments are shown on the following pages.

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COMMERCIAL AUTOMOBILE LIABILITY  
FLOWCHART TO DETERMINE  
YEAR WEIGHTS AND  
EXPERIENCE PERIOD CREDIBILITY

Step 1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims  $\geq$  11,500,  
Then use 2 years of experience and assign 70/30 weights.
3. Add latest 3 years of claims and divide by 3 to determine the 3 year average.
4. If 3 year Avg. claims  $\geq$  1,380,  
Then use 3 years of experience and assign 50/30/20 weights.
5. If 3 year Avg. claims  $<$  1,380,  
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step 2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE  
FLOWCHART TO DETERMINE  
YEAR WEIGHTS AND  
EXPERIENCE PERIOD CREDIBILITY

Step 1: Determine Number of Years to be used and Year Weights

1. Add latest 2 years of claims and divide by 2 to determine the 2 year average.
2. If 2 year Avg. claims  $\geq$  Full Standard,  
Then use 2 years of experience and assign 70/30 weights.
3. Add latest 3 years of claims and divide by 3 to determine the 3 year average.
4. If 3 year Avg. claims  $\geq$  Intermediate Threshold,  
Then use 3 years of experience and assign 50/30/20 weights.
5. If 3 year Avg. claims  $<$  Intermediate Threshold,  
Then use 5 years of experience and assign 30/25/20/15/10 weights.

Step 2: Determine the Experience Period Credibility

Calculate partial credibility based on the total number of claims for the number of years used in the review as determined from Step 1.

| <u>Coverage</u>                       | <u>Intermediate Threshold</u> | <u>Full Standard</u> |
|---------------------------------------|-------------------------------|----------------------|
| Trucks, Tractors & Trailers OTC       | 1,350                         | 11,000               |
| Trucks, Tractors & Trailers Collision | 550                           | 4,500                |
| Private Passenger Types OTC           | 1,050                         | 8,500                |
| Private Passenger Types Collision     | 450                           | 3,500                |

Tables For Use With Trend Data

| Bodily Injury           |   |          |              | Property Damage         |   |          |              |
|-------------------------|---|----------|--------------|-------------------------|---|----------|--------------|
| <u>Number of Claims</u> |   |          | <u>Cred.</u> | <u>Number of Claims</u> |   |          | <u>Cred.</u> |
| 0                       | - | 641      | 0.00         | 0                       | - | 256      | 0.00         |
| 642                     | - | 2027     | 0.05         | 257                     | - | 810      | 0.05         |
| 2028                    | - | 3571     | 0.10         | 811                     | - | 1428     | 0.10         |
| 3572                    | - | 5303     | 0.15         | 1429                    | - | 2121     | 0.15         |
| 5304                    | - | 7258     | 0.20         | 2122                    | - | 2903     | 0.20         |
| 7259                    | - | 9482     | 0.25         | 2904                    | - | 3793     | 0.25         |
| 9483                    | - | 12037    | 0.30         | 3794                    | - | 4814     | 0.30         |
| 12038                   | - | 14999    | 0.35         | 4815                    | - | 5999     | 0.35         |
| 15000                   | - | 18478    | 0.40         | 6000                    | - | 7391     | 0.40         |
| 18479                   | - | 22619    | 0.45         | 7392                    | - | 9047     | 0.45         |
| 22620                   | - | 27631    | 0.50         | 9048                    | - | 11052    | 0.50         |
| 27632                   | - | 33823    | 0.55         | 11053                   | - | 13529    | 0.55         |
| 33824                   | - | 41666    | 0.60         | 13530                   | - | 16666    | 0.60         |
| 41667                   | - | 51923    | 0.65         | 16667                   | - | 20769    | 0.65         |
| 51924                   | - | 65909    | 0.70         | 20770                   | - | 26363    | 0.70         |
| 65910                   | - | 86111    | 0.75         | 26364                   | - | 34444    | 0.75         |
| 86112                   | - | 117857   | 0.80         | 34445                   | - | 47142    | 0.80         |
| 117858                  | - | 174999   | 0.85         | 47143                   | - | 69999    | 0.85         |
| 175000                  | - | 308333   | 0.90         | 70000                   | - | 123333   | 0.90         |
| 308334                  | - | 974999   | 0.95         | 123334                  | - | 389999   | 0.95         |
| 975000                  | - | and over | 1.00         | 390000                  | - | and over | 1.00         |

K = 25,000

K = 10,000

CREDIBILITY FORMULA = ( # CLAIMS)/( # CLAIMS + K)

ALL LIABILITY COVERAGES  
CREDIBILITY TABLE  
NUMBER OF CLAIMS

|                    |        |   |        |
|--------------------|--------|---|--------|
| <u>Credibility</u> |        |   |        |
| 0.00*              | 0      | - | 28     |
| 0.05               | 29     | - | 114    |
| 0.10               | 115    | - | 258    |
| 0.15               | 259    | - | 459    |
| 0.20               | 460    | - | 718    |
| 0.25               | 719    | - | 1,034  |
| 0.30               | 1035   | - | 1,408  |
| 0.35               | 1,409  | - | 1,839  |
| 0.40               | 1,840  | - | 2,328  |
| 0.45               | 2,329  | - | 2,874  |
| 0.50               | 2,875  | - | 3,478  |
| 0.55               | 3,479  | - | 4,139  |
| 0.60               | 4,140  | - | 4,858  |
| 0.65               | 4,859  | - | 5,634  |
| 0.70               | 5,635  | - | 6,468  |
| 0.75               | 6,469  | - | 7,359  |
| 0.80               | 7,360  | - | 8,308  |
| 0.85               | 8,309  | - | 9,314  |
| 0.90               | 9,315  | - | 10,378 |
| 0.95               | 10,379 | - | 11,499 |
| 1.00               |        | > | 11,499 |

The credibility for the loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

\*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5% given that there is at least one claim in the experience period.

PHYSICAL DAMAGE  
CREDIBILITY TABLES  
NUMBER OF CLAIMS

OTHER THAN COLLISION

| <u>Cred</u> | <u>Trucks, Tractors &amp; Trailers</u> |   |        | <u>Private Passenger Types</u> |   |       |
|-------------|--|---|--------|--------------------------------|---|-------|
| 0.00*       | 0                                      | - | 27     | 0                              | - | 21    |
| 0.05        | 28                                     | - | 109    | 22                             | - | 84    |
| 0.10        | 110                                    | - | 247    | 85                             | - | 191   |
| 0.15        | 248                                    | - | 439    | 192                            | - | 339   |
| 0.20        | 440                                    | - | 687    | 340                            | - | 531   |
| 0.25        | 688                                    | - | 989    | 532                            | - | 764   |
| 0.30        | 990                                    | - | 1,347  | 765                            | - | 1,041 |
| 0.35        | 1,348                                  | - | 1,759  | 1,042                          | - | 1,359 |
| 0.40        | 1,760                                  | - | 2,227  | 1,360                          | - | 1,721 |
| 0.45        | 2,228                                  | - | 2,749  | 1,722                          | - | 2,124 |
| 0.50        | 2,750                                  | - | 3,327  | 2,125                          | - | 2,571 |
| 0.55        | 3,328                                  | - | 3,959  | 2,572                          | - | 3,059 |
| 0.60        | 3,960                                  | - | 4,647  | 3,060                          | - | 3,591 |
| 0.65        | 4,648                                  | - | 5,389  | 3,592                          | - | 4,164 |
| 0.70        | 5,390                                  | - | 6,187  | 4,165                          | - | 4,781 |
| 0.75        | 6,188                                  | - | 7,039  | 4,782                          | - | 5,439 |
| 0.80        | 7,040                                  | - | 7,947  | 5,440                          | - | 6,141 |
| 0.85        | 7,948                                  | - | 8,909  | 6,142                          | - | 6,884 |
| 0.90        | 8,910                                  | - | 9,927  | 6,885                          | - | 7,671 |
| 0.95        | 9,928                                  | - | 10,999 | 7,672                          | - | 8,499 |
| 1.00        |  | > | 10,999 |                                | > | 8,499 |

COLLISION

| <u>Cred</u> | <u>Trucks, Tractors &amp; Trailers</u> |   |       | <u>Private Passenger Types</u> |   |       |
|-------------|--|---|-------|--------------------------------|---|-------|
| 0.00*       | 0                                      | - | 11    | 0                              | - | 8     |
| 0.05        | 12                                     | - | 44    | 9                              | - | 34    |
| 0.10        | 45                                     | - | 101   | 35                             | - | 78    |
| 0.15        | 102                                    | - | 179   | 79                             | - | 139   |
| 0.20        | 180                                    | - | 281   | 140                            | - | 218   |
| 0.25        | 282                                    | - | 404   | 219                            | - | 314   |
| 0.30        | 405                                    | - | 551   | 315                            | - | 428   |
| 0.35        | 552                                    | - | 719   | 429                            | - | 559   |
| 0.40        | 720                                    | - | 911   | 560                            | - | 708   |
| 0.45        | 912                                    | - | 1,124 | 709                            | - | 874   |
| 0.50        | 1,125                                  | - | 1,361 | 875                            | - | 1,058 |
| 0.55        | 1,362                                  | - | 1,619 | 1,059                          | - | 1,259 |
| 0.60        | 1,620                                  | - | 1,901 | 1,260                          | - | 1,478 |
| 0.65        | 1,902                                  | - | 2,204 | 1,479                          | - | 1,714 |
| 0.70        | 2,205                                  | - | 2,531 | 1,715                          | - | 1,968 |
| 0.75        | 2,532                                  | - | 2,879 | 1,969                          | - | 2,239 |
| 0.80        | 2,880                                  | - | 3,251 | 2,240                          | - | 2,528 |
| 0.85        | 3,252                                  | - | 3,644 | 2,529                          | - | 2,834 |
| 0.90        | 3,645                                  | - | 4,061 | 2,835                          | - | 3,158 |
| 0.95        | 4,062                                  | - | 4,499 | 3,159                          | - | 3,499 |
| 1.00        |  | > | 4,499 |                                | > | 3,499 |

The credibility for loss cost level ratio is determined by the total number of claims for the total number of years of experience used in the review.

\*The credibility underlying the calculation of the statewide indication is subject to a minimum of 5% given that there is at least one claim in the experience period.

MONTANA  
CLAIMS PER TERRITORY  
LIABILITY

| Territory | Trucks, Tractors & Trailers  | Private Passenger Types  |
|-----------|--|--|
|           | Incurred Claims<br>5 Years Ending<br>12/31/2022<br>Combined<br>BI and PD | Incurred Claims<br>5 Years Ending<br>12/31/2022<br>Combined<br>BI and PD |
| 101       | 1,034  | 125  |
| 105       | 2,033  | 319  |
| 106       | 738  | 192  |
| 107       | 561  | 83   |
| SW Total  | 4,366  | 719  |

Claims for Trend

|           |            |
|-----------|------------|
| BI        | PD         |
| <u>77</u> | <u>458</u> |



MONTANA  
CLAIMS PER TERRITORY  
PHYSICAL DAMAGE

| Territory | Trucks, Tractors & Trailers<br>Paid Claims<br>5 Years Ending<br>12/31/2022 |       | Private Passenger Types<br>Paid Claims<br>5 Years Ending<br>12/31/2022 |      |
|-----------|--|-------|--|------|
|           | OTC  | Coll  | OTC  | Coll |
| 101       | 800  | 709   | 268  | 145  |
| 105       | 1,765  | 1,693 | 479  | 278  |
| 106       | 1,791  | 677   | 641  | 136  |
| 107       | 649  | 362   | 139  | 95   |
| SW Total  | 5,005  | 3,441 | 1,527  | 654  |

WIND AND WATER PROCEDURE  
OTHER THAN COLLISION

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OBJECTIVE

Other Than Collision losses which result from the perils of Wind and Water are relatively infrequent and do not affect each year similarly. While catastrophic incidents are rare, their impact on loss cost indications can be significant. The occurrence of a weather related catastrophe can result in a large positive indication, followed by an indicated decrease when the catastrophe leaves the experience period in subsequent reviews. This ultimately leads to loss cost instability.

In order to address this ratemaking problem, the Wind and Water procedure removes the Wind and Water losses that actually occur in a given year and replaces them with an expected Wind and Water provision, based on the state's long term history of Wind and Water losses. Due to the lower credibility of catastrophic loss experience, a longer experience period or a larger body of data is necessary to compensate.

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DESCRIPTION OF  
WIND AND WATER  
ADJUSTMENT  
PROCEDURE

The Wind and Water procedure begins by comparing Wind and Water losses to non-Wind and Water losses for each year in the long term review period. Wind and Water losses have been separately identified as losses reported under the Commercial Statistical Plan (CSP) using Type of Loss (TOL) codes 06 and 07. A ratio of Wind and Water to non-Wind and Water losses is calculated for each year.

The long term 'normal' Wind and Water to non-Wind and Water ratio is determined by calculating the average of the Wind and Water to non-Wind and Water ratios for all years for which data is currently available.

The variation from the long term normal Wind and Water to non-Wind and Water ratio is then determined by calculating the difference between the normal ratio and the Wind and Water ratio for each year.

The loss adjustment required in order to bring each year of experience to a normal Wind and Water level is determined by applying the variation factor (column (5)) to the reported non-Wind and Water losses (column (3)).

The major steps of the procedure are shown in the Exhibits on the following pages.

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WIND AND WATER PROCEDURE  
OTHER THAN COLLISION  
MONTANA

TRUCKS, TRACTORS, AND TRAILERS

|                | (1)                           | (2)                 | (3)                             | (4)                        | (5)                                  | (6)                               | (7)                 |
|----------------|-------------------------------|---------------------|---------------------------------|----------------------------|--------------------------------------|-----------------------------------|---------------------|
|                |                               |                     | (2) - (1)                       | (1) / (3)                  | AVG (4) - (4)                        | (3) x (5)                         | (2) + (6)           |
| YEAR<br>ENDING | OTC WIND &<br>WATER<br>LOSSES | OTC TOTAL<br>LOSSES | TOTAL -<br>WIND&WATER<br>LOSSES | WIND &<br>WATER /<br>(W&W) | VARIATION<br>FROM AVG.<br>WIND RATIO | WIND & WATER<br>ADJ<br>ADJUSTMENT | OTC TOTAL<br>LOSSES |
| 1987           | 19,453                        | 362,343             | 342,890                         | 0.057                      | 0.305                                | 104,581                           | 466,924             |
| 1988           | 119,148                       | 737,112             | 617,964                         | 0.193                      | 0.169                                | 104,436                           | 841,548             |
| 1989           | 46,416                        | 425,948             | 379,532                         | 0.122                      | 0.240                                | 91,088                            | 517,036             |
| 1990           | 81,554                        | 589,106             | 507,552                         | 0.161                      | 0.201                                | 102,018                           | 691,124             |
| 1991           | 646,806                       | 1,207,781           | 560,975                         | 1.153                      | -0.791                               | -443,731                          | 764,050             |
| 1992           | 196,806                       | 836,157             | 639,351                         | 0.308                      | 0.054                                | 34,525                            | 870,682             |
| 1993           | 117,199                       | 846,623             | 729,424                         | 0.161                      | 0.201                                | 146,614                           | 993,237             |
| 1994           | 50,098                        | 888,378             | 838,280                         | 0.060                      | 0.302                                | 253,161                           | 1,141,539           |
| 1995           | 206,580                       | 1,299,868           | 1,093,288                       | 0.189                      | 0.173                                | 189,139                           | 1,489,007           |
| 1996           | 359,920                       | 1,847,282           | 1,487,362                       | 0.242                      | 0.120                                | 178,483                           | 2,025,765           |
| 1997           | 294,639                       | 2,147,416           | 1,852,777                       | 0.159                      | 0.203                                | 376,114                           | 2,523,530           |
| 1998           | 470,382                       | 2,505,913           | 2,035,531                       | 0.231                      | 0.131                                | 266,655                           | 2,772,568           |
| 1999           | 485,106                       | 2,862,427           | 2,377,321                       | 0.204                      | 0.158                                | 375,617                           | 3,238,044           |
| 2000           | 621,956                       | 3,601,129           | 2,979,173                       | 0.209                      | 0.153                                | 455,813                           | 4,056,942           |
| 2001           | 617,095                       | 3,417,793           | 2,800,698                       | 0.220                      | 0.142                                | 397,699                           | 3,815,492           |
| 2002           | 252,186                       | 2,038,112           | 1,785,926                       | 0.141                      | 0.221                                | 394,690                           | 2,432,802           |
| 2003           | 319,898                       | 1,968,815           | 1,648,917                       | 0.194                      | 0.168                                | 277,018                           | 2,245,833           |
| 2004           | 16,867                        | 649,868             | 633,001                         | 0.027                      | 0.335                                | 212,055                           | 861,923             |
| 2005           | 99,611                        | 678,965             | 579,354                         | 0.172                      | 0.190                                | 110,077                           | 789,042             |
| 2006           | 62,266                        | 714,707             | 652,441                         | 0.095                      | 0.267                                | 174,202                           | 888,909             |
| 2007           | 342,383                       | 1,178,425           | 836,042                         | 0.410                      | -0.048                               | -40,130                           | 1,138,295           |
| 2008           | 309,408                       | 1,328,659           | 1,019,251                       | 0.304                      | 0.058                                | 59,117                            | 1,387,776           |
| 2009           | 304,837                       | 1,969,122           | 1,664,285                       | 0.183                      | 0.179                                | 297,907                           | 2,267,029           |
| 2010           | 2,358,327                     | 4,140,330           | 1,782,003                       | 1.323                      | -0.961                               | -1,712,505                        | 2,427,825           |
| 2011           | 495,443                       | 1,961,013           | 1,465,570                       | 0.338                      | 0.024                                | 35,174                            | 1,996,187           |
| 2012           | 241,832                       | 2,375,036           | 2,133,204                       | 0.113                      | 0.249                                | 531,168                           | 2,906,204           |
| 2013           | 874,101                       | 2,508,280           | 1,634,179                       | 0.535                      | -0.173                               | -282,713                          | 2,225,567           |
| 2014           | 2,156,564                     | 3,979,394           | 1,822,830                       | 1.183                      | -0.821                               | -1,496,543                        | 2,482,851           |
| 2015           | 1,154,083                     | 3,615,925           | 2,461,842                       | 0.469                      | -0.107                               | -263,417                          | 3,352,508           |
| 2016           | 3,142,648                     | 5,548,987           | 2,406,339                       | 1.306                      | -0.944                               | -2,271,584                        | 3,277,403           |
| 2017           | 127,846                       | 2,508,284           | 2,380,438                       | 0.054                      | 0.308                                | 733,175                           | 3,241,459           |
| 2018           | 1,164,133                     | 4,044,937           | 2,880,804                       | 0.404                      | -0.042                               | -120,994                          | 3,923,943           |
| 2019           | 3,802,195                     | 7,020,525           | 3,218,330                       | 1.181                      | -0.819                               | -2,635,812                        | 4,384,713           |
| 2020           | 303,593                       | 3,533,395           | 3,229,802                       | 0.094                      | 0.268                                | 865,587                           | 4,398,982           |
| 2021           | 681,131                       | 4,484,360           | 3,803,229                       | 0.179                      | 0.183                                | 695,991                           | 5,180,351           |
| 2022           | 2,991,253                     | 7,521,042           | 4,529,789                       | 0.66                       | -0.298                               | -1,349,877                        | 6,171,165           |

(8) NORMAL WIND TO NON W&W RATIO= AVG. (4) 0.362

WIND AND WATER PROCEDURE  
OTHER THAN COLLISION  
MONTANA

PRIVATE PASSENGER TYPES

|                | (1)                           | (2)                 | (3)                             | (4)                               | (5)                                  | (6)                           | (7)                        |
|----------------|-------------------------------|---------------------|---------------------------------|-----------------------------------|--------------------------------------|-------------------------------|----------------------------|
|                |                               |                     | (2) - (1)                       | (1) /<br>(3)                      | AVG (4) -<br>(4)                     | (3) x (5)                     | (2) + (6)                  |
| YEAR<br>ENDING | OTC WIND<br>& WATER<br>LOSSES | OTC TOTAL<br>LOSSES | TOTAL -<br>WIND&WATER<br>LOSSES | WIND &<br>WATER /<br>NON<br>(W&W) | VARIATION<br>FROM AVG.<br>WIND RATIO | WIND &<br>WATER<br>ADJUSTMENT | ADJ OTC<br>TOTAL<br>LOSSES |
| 1987           | 22,004                        | 308,964             | 286,960                         | 0.077                             | 0.227                                | 65,140                        | 374,104                    |
| 1988           | 57,118                        | 487,173             | 430,055                         | 0.133                             | 0.171                                | 73,539                        | 560,712                    |
| 1989           | 119,690                       | 800,355             | 680,665                         | 0.176                             | 0.128                                | 87,125                        | 887,480                    |
| 1990           | 77,215                        | 810,889             | 733,674                         | 0.105                             | 0.199                                | 146,001                       | 956,890                    |
| 1991           | 766,044                       | 1,827,304           | 1,061,260                       | 0.722                             | -0.418                               | -443,607                      | 1,383,697                  |
| 1992           | 134,373                       | 794,126             | 659,753                         | 0.204                             | 0.100                                | 65,975                        | 860,101                    |
| 1993           | 143,350                       | 761,857             | 618,507                         | 0.232                             | 0.072                                | 44,533                        | 806,390                    |
| 1994           | 49,321                        | 744,677             | 695,356                         | 0.071                             | 0.233                                | 162,018                       | 906,695                    |
| 1995           | 167,431                       | 947,251             | 779,820                         | 0.215                             | 0.089                                | 69,404                        | 1,016,655                  |
| 1996           | 107,513                       | 1,528,373           | 1,420,860                       | 0.076                             | 0.228                                | 323,956                       | 1,852,329                  |
| 1997           | 209,250                       | 1,550,092           | 1,340,842                       | 0.156                             | 0.148                                | 198,445                       | 1,748,537                  |
| 1998           | 254,655                       | 1,440,982           | 1,186,327                       | 0.215                             | 0.089                                | 105,583                       | 1,546,565                  |
| 1999           | 246,905                       | 1,423,234           | 1,176,329                       | 0.210                             | 0.094                                | 110,575                       | 1,533,809                  |
| 2000           | 229,716                       | 1,590,374           | 1,360,658                       | 0.169                             | 0.135                                | 183,689                       | 1,774,063                  |
| 2001           | 255,079                       | 1,349,284           | 1,094,205                       | 0.233                             | 0.071                                | 77,689                        | 1,426,973                  |
| 2002           | 50,344                        | 892,206             | 841,862                         | 0.060                             | 0.244                                | 205,414                       | 1,097,620                  |
| 2003           | 128,123                       | 716,857             | 588,734                         | 0.218                             | 0.086                                | 50,631                        | 767,488                    |
| 2004           | 48,471                        | 521,683             | 473,212                         | 0.102                             | 0.202                                | 95,589                        | 617,272                    |
| 2005           | 62,104                        | 539,338             | 477,234                         | 0.130                             | 0.174                                | 83,039                        | 622,377                    |
| 2006           | 17,865                        | 431,954             | 414,089                         | 0.043                             | 0.261                                | 108,077                       | 540,031                    |
| 2007           | 198,223                       | 622,097             | 423,874                         | 0.468                             | -0.164                               | -69,515                       | 552,582                    |
| 2008           | 68,340                        | 431,513             | 363,173                         | 0.188                             | 0.116                                | 42,128                        | 473,641                    |
| 2009           | 63,242                        | 572,931             | 509,689                         | 0.124                             | 0.180                                | 91,744                        | 664,675                    |
| 2010           | 811,637                       | 1,415,290           | 603,653                         | 1.345                             | -1.041                               | -628,403                      | 786,887                    |
| 2011           | 233,953                       | 962,637             | 728,684                         | 0.321                             | -0.017                               | -12,388                       | 950,249                    |
| 2012           | 153,288                       | 943,777             | 790,489                         | 0.194                             | 0.110                                | 86,954                        | 1,030,731                  |
| 2013           | 397,505                       | 1,200,595           | 803,090                         | 0.495                             | -0.191                               | -153,390                      | 1,047,205                  |
| 2014           | 785,768                       | 1,728,721           | 942,953                         | 0.833                             | -0.529                               | -498,822                      | 1,229,899                  |
| 2015           | 260,485                       | 1,284,363           | 1,023,878                       | 0.254                             | 0.05                                 | 51,194                        | 1,335,557                  |
| 2016           | 917,390                       | 2,020,447           | 1,103,057                       | 0.832                             | -0.528                               | -582,414                      | 1,438,033                  |
| 2017           | 24,418                        | 552,671             | 528,253                         | 0.046                             | 0.258                                | 136,289                       | 688,960                    |
| 2018           | 190,698                       | 786,006             | 595,308                         | 0.32                              | -0.016                               | -9,525                        | 776,481                    |
| 2019           | 890,854                       | 1,566,103           | 675,249                         | 1.319                             | -1.015                               | -685,378                      | 880,725                    |
| 2020           | 82,435                        | 706,068             | 623,633                         | 0.132                             | 0.172                                | 107,265                       | 813,333                    |
| 2021           | 113,982                       | 1,272,470           | 1,158,488                       | 0.098                             | 0.206                                | 238,649                       | 1,511,119                  |
| 2022           | 403,276                       | 1,382,971           | 979,695                         | 0.412                             | -0.108                               | -105,807                      | 1,277,164                  |

(8) NORMAL WIND TO NON W&W RATIO= AVG. (4) 0.304

## EXPLANATORY MEMORANDUM FOR WIND AND WATER PROCEDURE

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|  |   |
|--|---|
| COLUMN (1)<br>OTC WIND AND<br>WATER LOSSES                     | Dollar amount of Other Than Collision losses resulting from the perils of Wind and Water (Type of Loss Codes 06 & 07).                      |
| COLUMN (2)<br>OTC TOTAL<br>LOSSES                              | Dollar amount of Other Than Collision losses resulting from all perils.   |
| COLUMN (3)<br>OTC LOSSES<br>OTHER THAN<br>WIND AND WATER       | Dollar amount of Other Than Collision losses resulting from all perils other than Wind and Water. $\text{Column (2)} - \text{Column (1)}$ . |
| COLUMN (4)<br>WIND AND WATER<br>TO NON-WIND AND<br>WATER RATIO | Ratio of Wind and Water losses to Non-Wind and Water losses.<br>$\text{Column (1)} \div \text{Column (3)}$                                  |
| COLUMN (5)<br>VARIATION FROM<br>AVERAGE WIND<br>RATIO          | Variation from the long term average Wind and Water to non-Wind and Water ratio.<br>$\text{Avg (4)} - \text{Column (4)}$ .                  |
| COLUMN (6)<br>WIND AND WATER<br>ADJUSTMENT                     | Wind and Water loss adjustment to bring experience to average Wind and Water level.<br>$\text{Column (3)} * \text{Column (5)}$ .            |
| COLUMN (7)<br>ADJUSTED OTC<br>TOTAL LOSSES                     | $\text{Column (2)} + \text{Column (6)}$ .   |

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## TERRITORIAL WIND AND WATER PROCEDURE OTHER THAN COLLISION

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### OBJECTIVE

The statewide Wind and Water procedure removes the actual Wind and Water losses that occur in a given year and replaces them with an expected Wind and Water provision. The territorial excess Wind and Water procedure distributes the statewide expected Wind and Water loss provision to the individual territories in proportion to each territory's long-term Wind and Water loss experience.

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### DESCRIPTION OF TERRITORIAL WIND AND WATER PROCEDURE

The first step is to calculate long term Wind and Water to non-Wind and Water ratios by territory. The earliest year of historical Wind and Water experience available for Commercial Auto is 1987. As a new year becomes available, it is added to the procedure. For each year, the territorial ratios are calculated as Wind and Water losses divided by non-Wind and Water losses. An average is then taken of all the ratios for each territory to get the long term Wind and Water to non-Wind and Water ratio.

One potential problem with the average ratios is that a high Wind and Water ratio for one year can distort the average ratio for that territory. To mitigate the effect of unusually large ratios, the ratios are capped at 10 times the statewide median of the Wind and Water ratios before calculating the average. (The statewide median ratio is subject to a minimum value of 0.05.)

The territorial capped average Wind and Water ratios are multiplied by the latest 5 years non-Wind and Water losses for each territory to get the territorial expected Wind and Water losses. The territorial expected Wind and Water losses are divided by the statewide total expected Wind and Water losses to get the territorial expected Wind and Water distribution.

The statewide wind provision is calculated for each year from the statewide procedure by subtracting the non-Wind and Water losses from the total adjusted losses. The individual territorial Wind and Water provisions are then calculated by distributing the statewide wind provision to the territories based on the expected Wind and Water distribution.

Territorial adjusted total losses = territorial Wind and Water provision + territorial non-Wind and Water losses

Because the actual Wind and Water losses are replaced with an expected Wind and Water provision, the number of Wind and Water claims must be adjusted. The territorial Wind and Water provision is divided by the territory's average Wind and Water claim cost to produce the adjusted number of Wind and Water claims. The adjusted Wind and Water claims are added to the non-Wind and Water claims, resulting in the total adjusted claims.

A sample of the territory Wind and Water procedure is shown on the following page.

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**COMMERCIAL LINES MANUAL**  
**DIVISION ONE**  
**AUTOMOBILE**  
**LOSS COST PAGES**

INSURANCE SERVICES OFFICE INC.

**METHODOLOGY FOR CALCULATING 'WIND & WATER PROVISIONS' BY TERRITORY**

In order to develop 'Wind and Water Provisions' by territory, the statewide provision is distributed using each territory's 'expected' wind and water losses. This procedure is illustrated in the following example:

| Territory | (1)<br>Long-Term<br>Capped* Ratio of<br>Wind & Water to<br>Non-Wind &<br>Water Losses | (2)<br>Non-Wind &<br>Water Losses for<br>Latest Five Years       | (3)<br>'Expected' Wind<br>& Water Losses<br>for Latest Five<br>Years<br>(1) x (2) | (4)<br>'Expected' Wind<br>& Water<br>Distribution<br>(3) / Total (3) |
|-----------|---|--|---|--|
| A         | .250  | 500,000  | 125,000   | .500   |
| B         | .750  | 100,000  | 75,000  | .300   |
| C         | .200  | 250,000  | 50,000  | .200   |
| Territory | (5)<br>Statewide Wind<br>Provision for<br>Year 20XX **                                | (6)<br>Territory Wind<br>Provision for<br>Year 20XX<br>(4) x (5) | (7)<br>Non-Wind &<br>Water Losses for<br>Year 20XX                                | (8)<br>Adjusted Total<br>Losses for Year<br>20XX<br>(6) + (7)        |
| A         |   | 50,000   | 150,000   | 200,000  |
| B         |   | 30,000   | 50,000  | 80,000   |
| C         |   | 20,000   | 80,000  | 100,000  |
|           | 100,000   |  |   |  |
| Territory | (9)<br>Non-Wind &<br>Water Claims for<br>Year 20XX                                    | (10)<br>Five-Year<br>Average Wind &<br>Water Claim<br>Cost       | (11)<br>Adjusted Wind<br>& Water Claims<br>for Year 20XX<br>(6) / (10)            | (12)<br>Total Adjusted<br>Claims for Year<br>20XX<br>(9) + (11)      |
| A         | 200   | 500  | 100   | 300  |
| B         | 100   | 400  | 75  | 175  |
| C         | 150   | 400  | 50  | 200  |

\* Average of yearly capped ratios of wind & water to non-wind & water losses, based on territory experience capped at 10 times the statewide median wind & water to non-wind & water ratio. The statewide median ratio is subject to a minimum value of 0.05.

\*\* The Statewide Wind Provision for year 20XX = Total Adjusted Losses for Year 20XX - Non-Wind & Water Losses for Year 20XX

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE

SUMMARY OF PROSPECTIVE LOSS COST LEVEL CHANGES  
STATEWIDE LOSS COST LEVEL CHANGES (A)

| Coverages                         | Aggregate Loss Cost<br>at Current Level (B) | Loss Cost<br>Changes (C) |
|-----------------------------------|---|--------------------------|
| TRUCKS, TRACTORS & TRAILERS (D)   |   |                          |
| Liability                         |   |                          |
| Single Limit Liability            | \$ 23,376,377                               | 17.6%                    |
| Physical Damage                   |   |                          |
| Other Than Collision              | 6,690,893                                   | 22.1%                    |
| Collision                         | 7,464,680                                   | 34.3%                    |
| Combined                          | 14,155,573                                  | 28.5%                    |
| Total Trucks, Tractors & Trailers | 37,531,950                                  | 21.7%                    |
| PRIVATE PASSENGER TYPES           |   |                          |
| Liability                         |   |                          |
| Single Limit Liability            | 3,148,312                                   | 9.0%                     |
| Physical Damage                   |   |                          |
| Other Than Collision              | 1,608,470                                   | 9.6%                     |
| Collision                         | 918,058                                     | 15.3%                    |
| Combined                          | 2,526,528                                   | 11.7%                    |
| Total Private Passenger Types     | 5,674,840                                   | 10.2%                    |
| GRAND TOTAL ALL COVERAGES         | 43,206,790                                  | 20.2%                    |
| TOTAL LIABILITY                   | 26,524,689                                  | 16.6%                    |
| TOTAL PHYSICAL DAMAGE             | 16,682,101                                  | 26.0%                    |

(A) An implementation date of 09/01/2024 is assumed for purposes of trending.

(B) Accident Year ending 12/31/2022 Aggregate Loss Cost at Current Level for all coverages. The Liability loss costs are on a Total Limits basis.

(C) Loss Cost changes are calculated on a \$100,000 CSL Basic Limits basis for Liability and on an all deductibles combined basis for Physical Damage.

(D) For Liability and Physical Damage, classes related to Trucks, Tractors & Trailers, such as the Public Automobile classes, are impacted by the Trucks, Tractors & Trailers loss cost level changes.



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COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR TRUCKS, TRACTORS, AND TRAILERS POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 18.5%         | 16.7%   |
| 105       | 16.7%         | 12.5%   |
| 106       | 20.0%         | 25.0%   |
| 107       | 16.6%         | 12.5%   |

VERISK

MONTANA  
 COMMERCIAL AUTOMOBILE INSURANCE  
 REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
 TERRITORY LOSS COST LEVEL CHANGES  
 FOR TRUCKS, TRACTORS, AND TRAILERS POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes<br>of Loss |
|-------------------|-----------------|-----------|-----------------------------|
|                   | Comprehensive   | Collision |                             |
| 101               | 17.4%           | 38.2%     | 17.9%                       |
| 105               | 16.2%           | 34.7%     | 16.1%                       |
| 106               | 32.6%           | 34.9%     | 32.8%                       |
| 107               | 20.7%           | 26.3%     | 20.5%                       |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY  
FOR TRUCKS, TRACTORS, AND TRAILERS POLICY COVERAGES

| Territory | Liability     | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|---------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL | Med Pay <sup>(a)</sup> | Comprehensive <sup>(b)</sup> | Collision <sup>(c)</sup> | of Loss <sup>(d)</sup> |
| 101       | 308           | 7                      | 229                          | 405                      | 132                    |
| 105       | 294           | 9                      | 237                          | 439                      | 137                    |
| 106       | 162           | 5                      | 435                          | 414                      | 251                    |
| 107       | 436           | 9                      | 327                          | 471                      | 188                    |

(a) The loss costs for medical payments have been calculated by multiplying a relativity by the Trucks, Tractors, and Trailers CSL Liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).

(b) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost.

(c) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost.

(d) The loss costs for Specified Causes of Loss have been calculated by a relativity of 0.576 to the Trucks, Tractors, and Trailers Comprehensive base loss costs.

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 4.1%          | 12.5%   |
| 105       | 11.8%         | 14.3%   |
| 106       | 9.9%          | 20.0%   |
| 107       | 8.0%          | 8.3%    |

VERISK

MONTANA  
 COMMERCIAL AUTOMOBILE INSURANCE  
 REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
 TERRITORY LOSS COST LEVEL CHANGES

FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes<br>of Loss |
|-------------------|-----------------|-----------|-----------------------------|
|                   | Comprehensive   | Collision |                             |
| 101               | 7.6%            | 17.0%     | 7.8%                        |
| 105               | 10.4%           | 14.6%     | 10.6%                       |
| 106               | 9.7%            | 14.6%     | 9.6%                        |
| 107               | 9.9%            | 16.1%     | 9.8%                        |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY

FOR PRIVATE PASSENGER TYPES POLICY COVERAGES

| Territory | Liability     | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|---------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL | Med Pay <sup>(a)</sup> | Comprehensive <sup>(b)</sup> | Collision <sup>(c)</sup> | of Loss <sup>(d)</sup> |
| 101       | 277           | 9                      | 310                          | 310                      | 179                    |
| 105       | 237           | 8                      | 307                          | 417                      | 177                    |
| 106       | 178           | 6                      | 518                          | 354                      | 298                    |
| 107       | 420           | 13                     | 389                          | 483                      | 224                    |

(a) The loss costs for medical payments have been calculated by multiplying a relativity by the Private Passenger Types CSL Liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).

(b) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost.

(c) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost.

(d) The loss costs for Specified Causes of Loss have been calculated by a relativity of 0.576 to the Private Passenger Types Comprehensive base loss costs.

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE

REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES

FOR VAN POOLS POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 18.6%         | 12.5%   |
| 105       | 16.7%         | 12.5%   |
| 106       | 20.3%         | 25.0%   |
| 107       | 16.6%         | 18.2%   |

VERISK

MONTANA  
 COMMERCIAL AUTOMOBILE INSURANCE  
 REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
 TERRITORY LOSS COST LEVEL CHANGES  
 FOR VAN POOLS POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes<br>of Loss |
|-------------------|-----------------|-----------|-----------------------------|
|                   | Comprehensive   | Collision |                             |
| 101               | 17.6%           | 38.2%     | 18.2%                       |
| 105               | 16.1%           | 34.6%     | 16.2%                       |
| 106               | 32.5%           | 34.9%     | 33.1%                       |
| 107               | 20.6%           | 26.3%     | 20.7%                       |



VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY

FOR VAN POOLS POLICY COVERAGES

| Territory | Liability                    | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|------------------------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL <sup>(a)</sup> | Med Pay <sup>(b)</sup> | Comprehensive <sup>(c)</sup> | Collision <sup>(d)</sup> | of Loss <sup>(e)</sup> |
| 101       | 293                          | 9                      | 348                          | 911                      | 201                    |
| 105       | 279                          | 9                      | 360                          | 988                      | 208                    |
| 106       | 154                          | 5                      | 661                          | 932                      | 382                    |
| 107       | 414                          | 13                     | 497                          | 1060                     | 286                    |

- (a) The loss costs for Van Pools were calculated by a relativity of 0.95 to the Trucks, Tractors, and Trailers CSL Liability loss costs.
- (b) The loss costs for medical payments have been calculated by multiplying a relativity by the Van Pools CSL liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).
- (c) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost and was calculated by a relativity of 1.52 to the Trucks, Tractors, and Trailers loss cost.
- (d) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost, and has been calculated by a relativity of 2.25 to the Trucks, Tractors, and Trailers loss cost.
- (e) The loss costs for Specified Causes of Loss were calculated by a relativity of 1.52 to the Trucks, Tractors, and Trailers Specified Causes of Loss loss costs.

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR TAXIS AND LIMOUSINES POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 18.5%         | 20.9%   |
| 105       | 16.7%         | 16.7%   |
| 106       | 19.9%         | 17.4%   |
| 107       | 16.6%         | 15.9%   |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR TAXIS AND LIMOUSINES POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes<br>of Loss |
|-------------------|-----------------|-----------|-----------------------------|
|                   | Comprehensive   | Collision |                             |
| 101               | 17.6%           | 38.2%     | 18.2%                       |
| 105               | 16.1%           | 34.6%     | 16.2%                       |
| 106               | 32.5%           | 34.9%     | 33.1%                       |
| 107               | 20.6%           | 26.3%     | 20.7%                       |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY

FOR TAXIS AND LIMOUSINES POLICY COVERAGES

| Territory | Liability                    | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|------------------------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL <sup>(a)</sup> | Med Pay <sup>(b)</sup> | Comprehensive <sup>(c)</sup> | Collision <sup>(d)</sup> | of Loss <sup>(e)</sup> |
| 101       | 1238                         | 52                     | 348                          | 911                      | 201                    |
| 105       | 1182                         | 49                     | 360                          | 988                      | 208                    |
| 106       | 651                          | 27                     | 661                          | 932                      | 382                    |
| 107       | 1753                         | 73                     | 497                          | 1060                     | 286                    |

- (a) The loss costs for Taxis and Limousines were calculated by a relativity of 4.02 to the Trucks, Tractors, and Trailers CSL Liability loss costs.
- (b) The loss costs for medical payments have been calculated by multiplying a relativity by the Taxis and Limousines CSL liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).
- (c) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost and was calculated by a relativity of 1.52 to the Trucks, Tractors, and Trailers loss cost.
- (d) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost, and has been calculated by a relativity of 2.25 to the Trucks, Tractors, and Trailers loss cost.
- (e) The loss costs for Specified Causes of Loss were calculated by a relativity of 1.52 to the Trucks, Tractors, and Trailers Specified Causes of Loss loss costs.

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 18.2%         | 25.0%   |
| 105       | 16.7%         | 22.2%   |
| 106       | 21.6%         | 25.0%   |
| 107       | 16.9%         | 18.2%   |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes<br>of Loss |
|-------------------|-----------------|-----------|-----------------------------|
|                   | Comprehensive   | Collision |                             |
| 101               | 17.3%           | 37.8%     | 18.4%                       |
| 105               | 15.8%           | 35.1%     | 16.3%                       |
| 106               | 32.7%           | 35.2%     | 32.6%                       |
| 107               | 20.7%           | 26.4%     | 20.8%                       |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY

FOR SCHOOL AND CHURCH BUSES POLICY COVERAGES

| Territory | Liability                    | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|------------------------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL <sup>(a)</sup> | Med Pay <sup>(b)</sup> | Comprehensive <sup>(c)</sup> | Collision <sup>(d)</sup> | of Loss <sup>(e)</sup> |
| 101       | 117                          | 10                     | 156                          | 255                      | 90                     |
| 105       | 112                          | 11                     | 161                          | 277                      | 93                     |
| 106       | 62                           | 10                     | 296                          | 261                      | 171                    |
| 107       | 166                          | 13                     | 222                          | 297                      | 128                    |

- (a) The loss costs for School and Church Buses were calculated by a relativity of 0.38 to the Trucks, Tractors, and Trailers CSL Liability loss costs.
- (b) The loss costs for medical payments have been calculated by multiplying a relativity by the School and Church Buses CSL liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).
- (c) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost and was calculated by a relativity of 0.68 to the Trucks, Tractors, and Trailers loss cost.
- (d) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost, and has been calculated by a relativity of 0.63 to the Trucks, Tractors, and Trailers loss cost.
- (e) The loss costs for Specified Causes of Loss were calculated by a relativity of 0.68 to the Trucks, Tractors, and Trailers Specified Causes of Loss loss costs.

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR ALL OTHER BUSES POLICY COVERAGES

| Territory | \$100,000 CSL | \$5,000 |
|-----------|---------------|---------|
| Code      | Liability     | Med Pay |
| 101       | 18.4%         | 19.6%   |
| 105       | 16.7%         | 18.2%   |
| 106       | 19.9%         | 19.6%   |
| 107       | 16.6%         | 16.4%   |



VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
TERRITORY LOSS COST LEVEL CHANGES  
FOR ALL OTHER BUSES POLICY COVERAGES

| Territory<br>Code | Physical Damage |           | Specified Causes |
|-------------------|-----------------|-----------|------------------|
|                   | Comprehensive   | Collision | of Loss          |
| 101               | 17.3%           | 37.8%     | 18.4%            |
| 105               | 15.8%           | 35.1%     | 16.3%            |
| 106               | 32.7%           | 35.2%     | 32.6%            |
| 107               | 20.7%           | 26.4%     | 20.8%            |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
REVISED PROSPECTIVE LOSS COSTS AND PERCENTAGE CHANGES  
REVISED BASE LOSS COSTS BY TERRITORY  
FOR ALL OTHER BUSES POLICY COVERAGES

| Territory | Liability                    | \$5,000                | Physical Damage              |                          | Specified Causes       |
|-----------|------------------------------|------------------------|------------------------------|--------------------------|------------------------|
| Code      | \$100,000 CSL <sup>(a)</sup> | Med Pay <sup>(b)</sup> | Comprehensive <sup>(c)</sup> | Collision <sup>(d)</sup> | of Loss <sup>(e)</sup> |
| 101       | 973                          | 61                     | 156                          | 255                      | 90                     |
| 105       | 929                          | 65                     | 161                          | 277                      | 93                     |
| 106       | 512                          | 61                     | 296                          | 261                      | 171                    |
| 107       | 1378                         | 78                     | 222                          | 297                      | 128                    |

- (a) The loss costs for All Other Buses were calculated by a relativity of 3.16 to the Trucks, Tractors, and Trailers CSL Liability loss costs.
- (b) The loss costs for medical payments have been calculated by multiplying a relativity by the All Other Buses CSL liability loss costs. The relativities differ by territory and are listed in [EXHIBIT C19](#).
- (c) Comprehensive base loss cost is the \$25,000-29,999 OCN, age 1 loss cost and was calculated by a relativity of 0.68 to the Trucks, Tractors, and Trailers loss cost.
- (d) Collision base loss cost is the \$25,000-29,999 OCN, age 1, \$500 deductible loss cost, and has been calculated by a relativity of 0.63 to the Trucks, Tractors, and Trailers loss cost.
- (e) The loss costs for Specified Causes of Loss were calculated by a relativity of 0.68 to the Trucks, Tractors, and Trailers Specified Causes of Loss loss costs.

## VERISK

MONTANA  
 AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS, AND TRAILERS (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES  
 SINGLE LIMIT LIABILITY COVERAGE

| ACCIDENT<br>YEAR<br>ENDING | (1)<br>AGGREGATE<br>LOSS COST AT<br>CURRENT<br>LEVEL (B)  | (2)<br>\$100,000<br>INCURRED<br>LOSSES<br>(C) | (3)<br>EXPERIENCE<br>RATIO (2) /<br>(1) | (4)<br>ACCIDENT YEAR<br>WEIGHTS | (5)<br>NUMBER OF<br>INCURRED<br>CLAIMS |
|----------------------------|---|---|---|---------------------------------|--|
| 12/31/18                   | \$11,887,692  | \$17,080,553                                  | 1.437                                   | 10%                             | 936                                    |
| 12/31/19                   | \$12,085,819  | \$15,896,738                                  | 1.315                                   | 15%                             | 970                                    |
| 12/31/20                   | \$12,007,651  | \$13,637,534                                  | 1.136                                   | 20%                             | 806                                    |
| 12/31/21                   | \$11,948,144  | \$14,711,972                                  | 1.231                                   | 25%                             | 855                                    |
| 12/31/22                   | \$11,932,811  | \$13,642,942                                  | 1.143                                   | 30%                             | 799                                    |
| (6)                        | AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)).  |   |   |                                 | 1.219                                  |
| (7)                        | EXPECTED EXPERIENCE RATIO (D).  |   |   |                                 | 1.111                                  |
| (8)                        | CREDIBILITY (E).  |   |   |                                 | 0.60                                   |
| (9)                        | CREDIBILITY WEIGHTED EXPERIENCE RATIO:<br>( (6) * (8) ) + ( (7) * (1.000- (8)) ).   |   |   |                                 | 1.176                                  |
| (10)                       | INDICATED PERCENTAGE CHANGE IN ADVISORY<br>LOSS COST LEVEL ( (9) - 1.000 ).   |   |   |                                 | 17.6%                                  |
| (11)                       | FILED CHANGE.   |   |   |                                 | 17.6%                                  |
| (A)                        | TRUCK, TRACTOR, AND TRAILER EXPERIENCE IS FOR VEHICLES WRITTEN IN<br>ACCORDANCE WITH RULE 222 OF THE COMMERCIAL LINES MANUAL, DIVISION 1,<br>AUTOMOBILE.  |   |   |                                 |  |
| (B)                        | THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING<br>EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.  |   |   |                                 |  |
| (C)                        | LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY<br>AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.   |   |   |                                 |  |
| (D)                        | EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN<br>ON THE FOLLOWING PAGE, DIVIDED BY THE PREMIUM TREND FACTOR, PROJECTED<br>FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR<br>BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND<br>THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE<br>PURPOSES OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING<br>TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS<br>REVISION, THE PERIOD M IS 1.083 YEAR(S). |   |   |                                 |  |
| (E)                        | CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D.<br>SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 11,500<br>CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).   |   |   |                                 |  |

VERISK

MONTANA  
TRUCKS, TRACTORS, AND TRAILERS  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SINGLE LIMIT LOSSES

|                          | ACC. YEAR<br>ENDING | BODILY<br>INJURY | PROPERTY<br>DAMAGE | COMBINED     |
|--------------------------|---------------------|------------------|--------------------|--------------|
| (1) INCURRED LOSSES AND  | 12/31/18            | \$3,987,330      | \$3,845,472        |              |
| ALLOCATED LOSS           | 12/31/19            | \$3,449,734      | \$4,414,192        |              |
| ADJUSTMENT EXPENSES      | 12/31/20            | \$3,382,005      | \$3,912,150        |              |
|                          | 12/31/21            | \$3,606,760      | \$4,642,106        |              |
|                          | 12/31/22            | \$2,921,952      | \$4,707,734        |              |
| (2) DEVELOPED LOSSES AND | 12/31/18            | \$4,280,479      | \$4,257,745        |              |
| ALL LOSS ADJUSTMENT      | 12/31/19            | \$3,769,490      | \$4,892,315        |              |
| EXPENSES (A)             | 12/31/20            | \$3,897,186      | \$4,348,863        |              |
|                          | 12/31/21            | \$4,594,074      | \$5,211,600        |              |
|                          | 12/31/22            | \$4,633,588      | \$5,384,118        |              |
| (3) SELECTED ANNUAL LOSS |                     |                  |                    |              |
| TREND (SEE TREND         |                     | 8.6%             | 11.6%              | 10.2%        |
| EXHIBIT IN SECTION C)    |                     |                  |                    |              |
| (4) TRENDING LOSSES AND  | 12/31/18            | \$7,730,545      | \$9,350,008        | \$17,080,553 |
| ALL LOSS ADJUSTMENT      | 12/31/19            | \$6,268,662      | \$9,628,076        | \$15,896,738 |
| EXPENSES (B)             | 12/31/20            | \$5,970,489      | \$7,667,045        | \$13,637,534 |
|                          | 12/31/21            | \$6,477,644      | \$8,234,328        | \$14,711,972 |
|                          | 12/31/22            | \$6,019,031      | \$7,623,911        | \$13,642,942 |

(A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED  
BY THE FOLLOWING FACTORS:

- 1 - UNALLOCATED LOSS ADJUSTMENT FACTORS: B.I. 1.065 P.D. 1.105  
2 - LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | B.I.  | P.D.  |
|-------------|-------|-------|
| 12/31/18    | 1.008 | 1.002 |
| 12/31/19    | 1.026 | 1.003 |
| 12/31/20    | 1.082 | 1.006 |
| 12/31/21    | 1.196 | 1.016 |
| 12/31/22    | 1.489 | 1.035 |

(B) TRENDING LOSSES ARE EQUAL TO (2) \* ( (1.0 + (3)) \*\* N), WHERE N IS EQUAL TO  
THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE  
YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24  
WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE<br>OF ACCIDENT | PROJECTION<br>PERIOD |
|-------------|-----------------------------|----------------------|
| 12/31/18    | 7/1/18                      | 7.167                |
| 12/31/19    | 7/1/19                      | 6.167                |
| 12/31/20    | 7/1/20                      | 5.167                |
| 12/31/21    | 7/1/21                      | 4.167                |
| 12/31/22    | 7/1/22                      | 3.167                |

VERISK

MONTANA  
TRUCKS, TRACTORS, AND TRAILERS  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF LIABILITY TRENDED AGGREGATE LOSS COSTS

|                             | ACC. YEAR<br>ENDING | AGGREGATE<br>LOSS COSTS |
|-----------------------------|---------------------|-------------------------|
| (1) AGGREGATE LOSS COSTS    | 12/31/18            | \$11,887,692            |
| AT CURRENT LEVEL            | 12/31/19            | \$12,085,819            |
|                             | 12/31/20            | \$12,007,651            |
|                             | 12/31/21            | \$11,948,144            |
|                             | 12/31/22            | \$11,932,811            |
| (2) SELECTED ANNUAL PREMIUM |                     |                         |
| TREND (SEE TREND            |                     | 0.0%                    |
| EXHIBIT IN SECTION C)       |                     |                         |
| (3) TRENDED AGGREGATE       | 12/31/18            | \$11,887,692            |
| LOSS COSTS AT               | 12/31/19            | \$12,085,819            |
| CURRENT LEVEL (A)           | 12/31/20            | \$12,007,651            |
|                             | 12/31/21            | \$11,948,144            |
|                             | 12/31/22            | \$11,932,811            |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) \* ((1.0 + (2)) \*\* N),  
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF  
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF  
09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE<br>OF WRITING | PROJECTION<br>PERIOD |
|-------------|----------------------------|----------------------|
| 12/31/18    | 1/1/18                     | 7.167                |
| 12/31/19    | 1/1/19                     | 6.167                |
| 12/31/20    | 1/1/20                     | 5.167                |
| 12/31/21    | 1/1/21                     | 4.167                |
| 12/31/22    | 1/1/22                     | 3.167                |

VERISK

MONTANA  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE - TRUCKS, TRACTORS AND TRAILERS (A)  
DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| COVERAGE | ACCIDENT YEAR | (1)<br>AGGREGATE<br>LOSS COST AT<br>CURRENT<br>LEVEL (B) | (2)<br>INCURRED<br>LOSSES<br>(C) | (3)<br>EXPERIENCE<br>RATIO<br>(2) / (1) | (4)<br>ACCIDENT<br>YEAR WEIGHTS | (5)<br>NUMBER OF<br>PAID<br>CLAIMS |
|----------|---------------|--|----------------------------------|---|---------------------------------|------------------------------------|
| O.T.C    | ENDING        |  |                                  |   |                                 |                                    |
|          | 12/31/18      | \$6,042,739  | \$7,919,498                      | 1.311                                   | 10%                             | 948                                |
|          | 12/31/19      | \$6,095,308  | \$8,158,855                      | 1.339                                   | 15%                             | 983                                |
|          | 12/31/20      | \$6,093,695  | \$7,549,597                      | 1.239                                   | 20%                             | 928                                |
|          | 12/31/21      | \$6,843,830  | \$8,196,381                      | 1.198                                   | 25%                             | 1,047                              |
|          | 12/31/22      | \$6,690,893  | \$9,251,344                      | 1.383                                   | 30%                             | 1,099                              |
| COLL.    | 12/31/20      | \$6,590,915  | \$10,326,968                     | 1.567                                   | 20%                             | 604                                |
|          | 12/31/21      | \$7,358,147  | \$11,039,852                     | 1.500                                   | 30%                             | 712                                |
|          | 12/31/22      | \$7,464,680  | \$10,426,010                     | 1.397                                   | 50%                             | 723                                |

|      |   | O.T.C. | COLLISION |
|------|---|--------|-----------|
| (6)  | AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)).  | 1.295  | 1.462     |
| (7)  | EXPECTED EXPERIENCE RATIO (D).  | 1.083  | 1.123     |
| (8)  | CREDIBILITY (E).  | 0.65   | 0.65      |
| (9)  | CREDIBILITY WEIGHTED EXPERIENCE RATIO:<br>( (6) * (8) ) + ( (7) * (1.000- (8))) . | 1.221  | 1.343     |
| (10) | INDICATED PERCENTAGE CHANGE IN ADVISORY<br>LOSS COST LEVEL ( (9) - 1.000) .       | 22.1%  | 34.3%     |
| (11) | FILED CHANGE.   | 22.1%  | 34.3%     |

- (A) TRUCK, TRACTOR AND TRAILER EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 222 OF THE COMMERCIAL LINES MANUAL, DIVISION 1, AUTOMOBILE.
- (B) THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE VVF LEVEL BY THE APPLICATION OF VVF TREND FACTORS. (SEE SUBSEQUENT PAGE).
- (C) LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL. SEE FOLLOWING PAGE.
- (D) EXPECTED EXPERIENCE RATIO IS EQUAL TO THE LOSS TREND FACTOR DIVIDED BY THE VVF TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE PURPOSES OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 1.083 YEAR(S).
- (E) CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A 3 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5). THE STANDARDS FOR FULL CREDIBILITY ARE 11,000 CLAIMS FOR O.T.C. AND 4,500 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).

VERISK

MONTANA  
TRUCKS, TRACTORS AND TRAILERS  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE LOSSES

|   | ACC. YEAR<br>ENDING | O.T.C       | COLLISION    |
|---|---------------------|-------------|--------------|
| (1) PAID LOSSES   | 12/31/18            | \$3,923,943 | ----         |
|   | 12/31/19            | \$4,384,713 | ----         |
|   | 12/31/20            | \$4,398,982 | \$5,235,735  |
|   | 12/31/21            | \$5,180,351 | \$6,284,841  |
|   | 12/31/22            | \$6,171,165 | \$6,815,609  |
| (2) DEVELOPED LOSSES AND  | 12/31/18            | \$4,414,436 | ----         |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$4,932,802 | ----         |
| EXPENSES (A)  | 12/31/20            | \$4,953,804 | \$5,884,312  |
|   | 12/31/21            | \$5,833,723 | \$7,013,883  |
|   | 12/31/22            | \$7,143,895 | \$7,383,860  |
| (3) SELECTED ANNUAL LOSS<br>TREND (SEE TREND<br>EXHIBIT IN SECTION C) |                     | 8.5%        | 11.5%        |
| (4) TRENDED LOSSES AND  | 12/31/18            | \$7,919,498 | ----         |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$8,158,855 | ----         |
| EXPENSES (B)  | 12/31/20            | \$7,549,597 | \$10,326,968 |
|   | 12/31/21            | \$8,196,381 | \$11,039,852 |
|   | 12/31/22            | \$9,251,344 | \$10,426,010 |

## (A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:

## 1 - LOSS ADJUSTMENT EXPENSE FACTORS:

| O.T.C | COLL. |
|-------|-------|
| 1.125 | 1.125 |

## 2 - LOSS DEVELOPMENT FACTORS:

| YEAR ENDING | O.T.C. | COLL. |
|-------------|--------|-------|
| 12/31/18    | 1.000  | ----- |
| 12/31/19    | 1.000  | ----- |
| 12/31/20    | 1.001  | 0.999 |
| 12/31/21    | 1.001  | 0.992 |
| 12/31/22    | 1.029  | 0.963 |

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3)) \*\* N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING BOTH OTC AND COLLISION.

| YEAR ENDING | AVERAGE DATE<br>OF ACCIDENT | PROJECTION<br>PERIOD OTC | PROJECTION<br>PERIOD COLL |
|-------------|-----------------------------|--------------------------|---------------------------|
| 12/31/18    | 7/1/18                      | 7.167                    | -----                     |
| 12/31/19    | 7/1/19                      | 6.167                    | -----                     |
| 12/31/20    | 7/1/20                      | 5.167                    | 5.167                     |
| 12/31/21    | 7/1/21                      | 4.167                    | 4.167                     |
| 12/31/22    | 7/1/22                      | 3.167                    | 3.167                     |

VERISK

MONTANA  
TRUCKS, TRACTORS AND TRAILERS  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE TRENDED  
AGGREGATE LOSS COSTS

|                          | ACC. YEAR<br>ENDING | O.T.C       | COLLISION   |
|--------------------------|---------------------|-------------|-------------|
| (1) AGGREGATE LOSS COSTS | 12/31/18            | \$5,706,080 | ----        |
| AT CURRENT LEVEL         | 12/31/19            | \$5,805,055 | ----        |
|                          | 12/31/20            | \$5,848,076 | \$6,525,658 |
|                          | 12/31/21            | \$6,618,791 | \$7,299,749 |
|                          | 12/31/22            | \$6,521,338 | \$7,420,159 |
| (2) SELECTED ANNUAL VVF  |                     |             |             |
| TREND (SEE TREND         |                     | 0.8%        | 0.2%        |
| EXHIBIT IN SECTION C)    |                     |             |             |
| (3) TRENDED AGGREGATE    | 12/31/18            | \$6,042,739 | ----        |
| LOSS COSTS AT            | 12/31/19            | \$6,095,308 | ----        |
| CURRENT LEVEL (A)        | 12/31/20            | \$6,093,695 | \$6,590,915 |
|                          | 12/31/21            | \$6,843,830 | \$7,358,147 |
|                          | 12/31/22            | \$6,690,893 | \$7,464,680 |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) \* ((1.0 + (2)) \*\* N),  
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF  
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF  
09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING BOTH OTC  
AND COLLISION.

| YEAR ENDING | AVERAGE DATE<br>OF WRITING | PROJECTION<br>PERIOD OTC | PROJECTION<br>PERIOD COLL |
|-------------|----------------------------|--------------------------|---------------------------|
| 12/31/18    | 1/1/18                     | 7.167                    | -----                     |
| 12/31/19    | 1/1/19                     | 6.167                    | -----                     |
| 12/31/20    | 1/1/20                     | 5.167                    | 5.167                     |
| 12/31/21    | 1/1/21                     | 4.167                    | 4.167                     |
| 12/31/22    | 1/1/22                     | 3.167                    | 3.167                     |



## VERISK

MONTANA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES  
 SINGLE LIMIT LIABILITY COVERAGE

|                            | (1)<br>AGGREGATE  | (2)<br>\$100,000          | (3)                              | (4)                      | (5)                             |
|----------------------------|---|---------------------------|----------------------------------|--------------------------|---------------------------------|
| ACCIDENT<br>YEAR<br>ENDING | LOSS COST AT<br>CURRENT<br>LEVEL (B)  | INCURRED<br>LOSSES<br>(C) | EXPERIENCE<br>RATIO<br>(2) / (1) | ACCIDENT YEAR<br>WEIGHTS | NUMBER OF<br>INCURRED<br>CLAIMS |
| 12/31/18                   | \$2,024,616   | \$3,899,252               | 1.926                            | 10%                      | 214                             |
| 12/31/19                   | \$2,059,042   | \$2,213,653               | 1.075                            | 15%                      | 182                             |
| 12/31/20                   | \$1,856,738   | \$1,238,120               | 0.667                            | 20%                      | 86                              |
| 12/31/21                   | \$1,752,812   | \$1,265,091               | 0.722                            | 25%                      | 121                             |
| 12/31/22                   | \$1,689,915   | \$2,062,851               | 1.221                            | 30%                      | 116                             |
| (6)                        | AVERAGE EXPERIENCE RATIO (SUM OF (3) * (4)).  |                           |                                  |                          | 1.034                           |
| (7)                        | EXPECTED EXPERIENCE RATIO (D).  |                           |                                  |                          | 1.108                           |
| (8)                        | CREDIBILITY (E).  |                           |                                  |                          | 0.25                            |
| (9)                        | CREDIBILITY WEIGHTED EXPERIENCE RATIO:<br>( (6) * (8) ) + ( (7) * (1.000 - (8)) ).  |                           |                                  |                          | 1.090                           |
| (10)                       | INDICATED PERCENTAGE CHANGE IN ADVISORY<br>LOSS COST LEVEL ( (9) - 1.000 ).   |                           |                                  |                          | 9.0%                            |
| (11)                       | FILED CHANGE.   |                           |                                  |                          | 9.0%                            |
| (A)                        | PRIVATE PASSENGER TYPE EXPERIENCE IS FOR VEHICLES WRITTEN IN<br>ACCORDANCE WITH RULE 232 OF THE COMMERCIAL LINES MANUAL, DIVISION 1,<br>AUTOMOBILE.   |                           |                                  |                          |                                 |
| (B)                        | THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING<br>EXPOSURES BY THE CURRENT LOSS COSTS FROM THE LAST REVISION.  |                           |                                  |                          |                                 |
| (C)                        | LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR BODILY INJURY<br>AND PROPERTY DAMAGE LIABILITY. SEE FOLLOWING PAGE.   |                           |                                  |                          |                                 |
| (D)                        | EXPECTED EXPERIENCE RATIO IS EQUAL TO THE COMBINED TREND FACTOR SHOWN<br>ON THE FOLLOWING PAGE, DIVIDED BY THE PREMIUM TREND FACTOR, PROJECTED<br>FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR<br>BEYOND THE IMPLEMENTATION DATE OF THE LAST REVISION TO ONE YEAR BEYOND<br>THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE<br>PURPOSES OF TRENDING, SUBJECT TO A MAXIMUM OF THE N-VALUE CORRESPONDING<br>TO THE LATEST YEAR SHOWN ON THE FOLLOWING PAGE, FOOTNOTE B. IN THIS<br>REVISION, THE PERIOD M IS 1.083 YEAR(S). |                           |                                  |                          |                                 |
| (E)                        | CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR B.I. AND P.D.<br>SHOWN IN COLUMN (5). THE STANDARD FOR FULL CREDIBILITY IS 11,500<br>CLAIMS (SEE CREDIBILITY TABLES IN SECTION C).   |                           |                                  |                          |                                 |

VERISK

MONTANA  
PRIVATE PASSENGER TYPES  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SINGLE LIMIT LOSSES

|   | ACC. YEAR<br>ENDING | BODILY<br>INJURY | PROPERTY<br>DAMAGE | COMBINED    |
|---|---------------------|------------------|--------------------|-------------|
| (1) INCURRED LOSSES AND   | 12/31/18            | \$1,100,955      | \$722,021          |             |
| ALLOCATED LOSS  | 12/31/19            | \$385,983        | \$691,889          |             |
| ADJUSTMENT EXPENSES   | 12/31/20            | \$331,466        | \$333,896          |             |
|   | 12/31/21            | \$167,355        | \$533,954          |             |
|   | 12/31/22            | \$597,076        | \$474,017          |             |
| (2) DEVELOPED LOSSES AND  | 12/31/18            | \$1,188,932      | \$797,833          |             |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$425,459        | \$765,302          |             |
| EXPENSES (A)  | 12/31/20            | \$382,311        | \$370,062          |             |
|   | 12/31/21            | \$228,138        | \$597,099          |             |
|   | 12/31/22            | \$974,813        | \$562,549          |             |
| (3) SELECTED ANNUAL LOSS  |                     |                  |                    |             |
| TREND (SEE TREND  |                     | 8.6%             | 11.6%              | 9.7%        |
| EXHIBIT IN SECTION C)   |                     |                  |                    |             |
| (4) TRENDED LOSSES AND  | 12/31/18            | \$2,147,211      | \$1,752,041        | \$3,899,252 |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$707,538        | \$1,506,114        | \$2,213,653 |
| EXPENSES (B)  | 12/31/20            | \$585,700        | \$652,419          | \$1,238,120 |
|   | 12/31/21            | \$321,675        | \$943,416          | \$1,265,091 |
|   | 12/31/22            | \$1,266,282      | \$796,569          | \$2,062,851 |
| (A) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED |                     |                  |                    |             |
| BY THE FOLLOWING FACTORS:   |                     |                  |                    |             |
| 1 - UNALLOCATED LOSS ADJUSTMENT FACTORS:                                |                     | B.I. 1.065       | P.D. 1.105         |             |
| 2 - LOSS DEVELOPMENT FACTORS:   |                     |                  |                    |             |
|   | YEAR ENDING         | B.I.             | P.D.               |             |
|   | 12/31/18            | 1.014            | 1.000              |             |
|   | 12/31/19            | 1.035            | 1.001              |             |
|   | 12/31/20            | 1.083            | 1.003              |             |
|   | 12/31/21            | 1.280            | 1.012              |             |
|   | 12/31/22            | 1.533            | 1.074              |             |

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ( (1.0 + (3)) \*\* N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

|             | AVERAGE DATE<br>OF ACCIDENT | PROJECTION<br>PERIOD |
|-------------|-----------------------------|----------------------|
| YEAR ENDING |                             |                      |
| 12/31/18    | 7/1/18                      | 7.167                |
| 12/31/19    | 7/1/19                      | 6.167                |
| 12/31/20    | 7/1/20                      | 5.167                |
| 12/31/21    | 7/1/21                      | 4.167                |
| 12/31/22    | 7/1/22                      | 3.167                |

VERISK

MONTANA  
PRIVATE PASSENGER TYPES  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF LIABILITY TRENDED AGGREGATE LOSS COSTS

|                             | ACC. YEAR<br>ENDING | AGGREGATE<br>LOSS COSTS |
|-----------------------------|---------------------|-------------------------|
| (1) AGGREGATE LOSS COSTS    | 12/31/18            | \$2,053,363             |
| AT CURRENT LEVEL            | 12/31/19            | \$2,084,051             |
|                             | 12/31/20            | \$1,875,493             |
|                             | 12/31/21            | \$1,766,948             |
|                             | 12/31/22            | \$1,700,116             |
| (2) SELECTED ANNUAL PREMIUM |                     |                         |
| TREND (SEE TREND            |                     | -0.2%                   |
| EXHIBIT IN SECTION C)       |                     |                         |
| (3) TRENDED AGGREGATE       | 12/31/18            | \$2,024,616             |
| LOSS COSTS AT               | 12/31/19            | \$2,059,042             |
| CURRENT LEVEL (A)           | 12/31/20            | \$1,856,738             |
|                             | 12/31/21            | \$1,752,812             |
|                             | 12/31/22            | \$1,689,915             |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO  $(1) * ((1.0 + (2)) ** N)$ ,  
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF  
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF  
09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING.

| YEAR ENDING | AVERAGE DATE<br>OF WRITING | PROJECTION<br>PERIOD |
|-------------|----------------------------|----------------------|
| 12/31/18    | 1/1/18                     | 7.167                |
| 12/31/19    | 1/1/19                     | 6.167                |
| 12/31/20    | 1/1/20                     | 5.167                |
| 12/31/21    | 1/1/21                     | 4.167                |
| 12/31/22    | 1/1/22                     | 3.167                |

## VERISK

MONTANA  
 AUTOMOBILE PHYSICAL DAMAGE INSURANCE - PRIVATE PASSENGER TYPES (A)  
 DETERMINATION OF STATEWIDE ADVISORY LOSS COST LEVEL CHANGES

| COVERAGE | ACCIDENT YEAR<br>ENDING   | (1)<br>AGGREGATE<br>LOSS COST AT<br>CURRENT<br>LEVEL (B) | (2)<br>INCURRED<br>LOSSES<br>(C) | (3)<br>EXPERIENCE<br>RATIO<br>(2) / (1) | (4)<br>ACCIDENT<br>YEAR WEIGHTS | (5)<br>NUMBER OF<br>PAID<br>CLAIMS |
|----------|---|--|----------------------------------|---|---------------------------------|------------------------------------|
|          |   |  |                                  |   |                                 |                                    |
| O.T.C.   | 12/31/18  | \$1,322,328  | \$1,516,467                      | 1.147                                   | 10%                             | 274                                |
|          | 12/31/19  | \$1,326,944  | \$1,592,241                      | 1.200                                   | 15%                             | 301                                |
|          | 12/31/20  | \$1,460,152  | \$1,360,158                      | 0.932                                   | 20%                             | 223                                |
|          | 12/31/21  | \$1,809,866  | \$2,340,270                      | 1.293                                   | 25%                             | 392                                |
|          | 12/31/22  | \$1,608,470  | \$1,859,036                      | 1.156                                   | 30%                             | 337                                |
| COLL.    | 12/31/18  | \$1,045,041  | \$1,592,980                      | 1.524                                   | 10%                             | 164                                |
|          | 12/31/19  | \$1,064,575  | \$1,517,749                      | 1.426                                   | 15%                             | 150                                |
|          | 12/31/20  | \$1,062,959  | \$1,204,671                      | 1.133                                   | 20%                             | 111                                |
|          | 12/31/21  | \$995,855  | \$1,345,034                      | 1.351                                   | 25%                             | 127                                |
|          | 12/31/22  | \$918,058  | \$890,489                        | 0.970                                   | 30%                             | 102                                |
|          |   |  |                                  |   | O.T.C.                          | COLLISION                          |
| (6)      | AVERAGE EXPERIENCE RATIO (SUM OF (3)*(4)).  |  |                                  |   | 1.151                           | 1.222                              |
| (7)      | EXPECTED EXPERIENCE RATIO (D).  |  |                                  |   | 1.059                           | 1.107                              |
| (8)      | CREDIBILITY (E).  |  |                                  |   | 0.40                            | 0.40                               |
| (9)      | CREDIBILITY WEIGHTED EXPERIENCE RATIO:<br>( (6) * (8) ) + ( (7) * (1.000 - (8)) ).  |  |                                  |   | 1.096                           | 1.153                              |
| (10)     | INDICATED PERCENTAGE CHANGE IN ADVISORY<br>LOSS COST LEVEL ( (9) - 1.000 ).   |  |                                  |   | 9.6%                            | 15.3%                              |
| (11)     | FILED CHANGE.   |  |                                  |   | 9.6%                            | 15.3%                              |
| (A)      | PRIVATE PASSENGER TYPE EXPERIENCE IS FOR VEHICLES WRITTEN IN<br>ACCORDANCE WITH RULE 232 OF THE COMMERCIAL LINES MANUAL, DIVISION 1,<br>AUTOMOBILE.   |  |                                  |   |                                 |                                    |
| (B)      | THE AGGREGATE LOSS COST AT CURRENT LEVEL IS CALCULATED BY EXTENDING<br>EXPOSURES BY THE CURRENT LOSS COSTS AND ADJUSTING TO A PROSPECTIVE<br>VVF LEVEL BY THE APPLICATION OF VVF TREND FACTORS. (SEE SUBSEQUENT PAGE).  |  |                                  |   |                                 |                                    |
| (C)      | LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSES FOR O.T.C. AND COLL.<br>SEE FOLLOWING PAGE.   |  |                                  |   |                                 |                                    |
| (D)      | EXPECTED EXPERIENCE RATIO IS EQUAL TO THE LOSS TREND FACTOR DIVIDED BY THE VVF<br>TREND FACTOR, PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER<br>OF YEARS FROM ONE YEAR BEYOND THE IMPLEMENTATION DATE OF THE LAST<br>REVISION TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF<br>09/01/24 WHICH IS ASSUMED FOR THE PURPOSES OF TRENDING, SUBJECT TO A<br>MAXIMUM OF THE N-VALUE CORRESPONDING TO THE LATEST YEAR SHOWN ON THE FOLLOWING<br>PAGE, FOOTNOTE B. IN THIS REVISION, THE PERIOD M IS 1.083 YEAR(S). |  |                                  |   |                                 |                                    |
| (E)      | CREDIBILITY IS BASED ON A 5 YEAR TOTAL OF CLAIMS FOR O.T.C. AND A<br>5 YEAR TOTAL OF CLAIMS FOR COLLISION SHOWN IN COLUMN (5).<br>THE STANDARDS FOR FULL CREDIBILITY ARE 8,500 CLAIMS FOR O.T.C.<br>AND 3,500 CLAIMS FOR COLLISION (SEE CREDIBILITY TABLES IN SECTION C).   |  |                                  |   |                                 |                                    |

VERISK

MONTANA  
PRIVATE PASSENGER TYPES  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE LOSSES

|   | ACC. YEAR<br>ENDING | O.T.C       | COLLISION   |
|---|---------------------|-------------|-------------|
| (1) PAID LOSSES   | 12/31/18            | \$776,481   | \$670,129   |
|   | 12/31/19            | \$880,725   | \$708,939   |
|   | 12/31/20            | \$813,333   | \$625,009   |
|   | 12/31/21            | \$1,511,119 | \$780,082   |
|   | 12/31/22            | \$1,277,164 | \$603,011   |
| (2) DEVELOPED LOSSES AND  | 12/31/18            | \$873,541   | \$753,895   |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$990,816   | \$797,556   |
| EXPENSES (A)  | 12/31/20            | \$914,085   | \$702,432   |
|   | 12/31/21            | \$1,698,309 | \$870,572   |
|   | 12/31/22            | \$1,456,925 | \$639,719   |
| (3) SELECTED ANNUAL LOSS<br>TREND (SEE TREND<br>EXHIBIT IN SECTION C) |                     | 8.0%        | 11.0%       |
| (4) TRENDED LOSSES AND  | 12/31/18            | \$1,516,467 | \$1,592,980 |
| ALL LOSS ADJUSTMENT   | 12/31/19            | \$1,592,241 | \$1,517,749 |
| EXPENSES (B)  | 12/31/20            | \$1,360,158 | \$1,204,671 |
|   | 12/31/21            | \$2,340,270 | \$1,345,034 |
|   | 12/31/22            | \$1,859,036 | \$890,489   |
| (A) PAID LOSSES ARE ADJUSTED BY THE FOLLOWING:                        |                     |             |             |
| 1 - LOSS ADJUSTMENT EXPENSE FACTORS:                                  |                     | O.T.C       | COLL.       |
|   |                     | 1.125       | 1.125       |
| 2 - LOSS DEVELOPMENT FACTORS:   |                     |             |             |
|   | YEAR ENDING         | O.T.C.      | COLL.       |
|   | 12/31/18            | 1.000       | 1.000       |
|   | 12/31/19            | 1.000       | 1.000       |
|   | 12/31/20            | 0.999       | 0.999       |
|   | 12/31/21            | 0.999       | 0.992       |
|   | 12/31/22            | 1.014       | 0.943       |

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3)) \*\* N), WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF 09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING BOTH OTC AND COLLISION.

| YEAR ENDING | AVERAGE DATE<br>OF ACCIDENT | PROJECTION<br>PERIOD OTC | PROJECTION<br>PERIOD COLL |
|-------------|-----------------------------|--------------------------|---------------------------|
| 12/31/18    | 7/1/18                      | 7.167                    | 7.167                     |
| 12/31/19    | 7/1/19                      | 6.167                    | 6.167                     |
| 12/31/20    | 7/1/20                      | 5.167                    | 5.167                     |
| 12/31/21    | 7/1/21                      | 4.167                    | 4.167                     |
| 12/31/22    | 7/1/22                      | 3.167                    | 3.167                     |

VERISK

MONTANA  
PRIVATE PASSENGER TYPES  
AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
DETERMINATION OF PHYSICAL DAMAGE TRENDED  
AGGREGATE LOSS COSTS

|                          | ACC. YEAR<br>ENDING | O.T.C       | COLLISION   |
|--------------------------|---------------------|-------------|-------------|
| (1) AGGREGATE LOSS COSTS | 12/31/18            | \$1,107,477 | \$965,842   |
| AT CURRENT LEVEL         | 12/31/19            | \$1,139,986 | \$994,930   |
|                          | 12/31/20            | \$1,285,345 | \$1,004,687 |
|                          | 12/31/21            | \$1,633,453 | \$951,151   |
|                          | 12/31/22            | \$1,487,946 | \$887,013   |
| (2) SELECTED ANNUAL VVF  |                     |             |             |
| TREND (SEE TREND         |                     | 2.5%        | 1.1%        |
| EXHIBIT IN SECTION C)    |                     |             |             |
| (3) TRENDED AGGREGATE    | 12/31/18            | \$1,322,328 | \$1,045,041 |
| LOSS COSTS AT            | 12/31/19            | \$1,326,944 | \$1,064,575 |
| CURRENT LEVEL (A)        | 12/31/20            | \$1,460,152 | \$1,062,959 |
|                          | 12/31/21            | \$1,809,866 | \$995,855   |
|                          | 12/31/22            | \$1,608,470 | \$918,058   |

(A) TRENDED AGGREGATE LOSS COSTS ARE EQUAL TO (1) \* ((1.0 + (2)) \*\* N),  
WHERE N IS EQUAL TO THE NUMBER OF YEARS PROJECTION FROM THE AVERAGE DATE OF  
WRITING TO SIX MONTHS BEYOND THE ANTICIPATED IMPLEMENTATION DATE OF  
09/01/24 WHICH IS ASSUMED FOR THE PURPOSE OF TRENDING BOTH OTC  
AND COLLISION.

| YEAR ENDING | AVERAGE DATE<br>OF WRITING | PROJECTION<br>PERIOD OTC | PROJECTION<br>PERIOD COLL |
|-------------|----------------------------|--------------------------|---------------------------|
| 12/31/18    | 1/1/18                     | 7.167                    | 7.167                     |
| 12/31/19    | 1/1/19                     | 6.167                    | 6.167                     |
| 12/31/20    | 1/1/20                     | 5.167                    | 5.167                     |
| 12/31/21    | 1/1/21                     | 4.167                    | 4.167                     |
| 12/31/22    | 1/1/22                     | 3.167                    | 3.167                     |

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS, AND TRAILERS (TTT)

|     | (1)        | (2)      | (3)        | (4)   | (5)  | (6)   | (7)    | (8)   | (9)   | (10)  | (11)  |
|-----|------------|----------|------------|-------|------|-------|--------|-------|-------|-------|-------|
|     |            |          |            |       |      |       |        | BASE  | BASE  | BASE  |       |
| T   | EARNED CAR | \$100000 | EXPER LOSS |       |      |       |        | CLASS | CLASS | CLASS | ADV   |
| E   | YRS YR     | UND      | COST 5 YRS |       |      |       | INDEX  | LOSS  | LOSS  | LOSS  | LOSS  |
| R   | ENDED      | LOSS     | END        | EXPER |      | FORM  | (6) TO | COST  | COST  | COST  | COST  |
| R   | 12/31/2022 | COST     | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES  | IND*  | REV   | CHG** |
| 101 | 11973      | 224.51   | 285.09     | 1.270 | 0.25 | 1.250 | 1.006  | 260   | 308   | 308   | 18.5% |
| 105 | 29071      | 189.96   | 230.94     | 1.216 | 0.40 | 1.232 | 0.992  | 252   | 294   | 294   | 16.7% |
| 106 | 25309      | 75.95    | 101.60     | 1.338 | 0.25 | 1.267 | 1.020  | 135   | 162   | 162   | 20.0% |
| 107 | 6024       | 298.83   | 354.52     | 1.186 | 0.20 | 1.232 | 0.992  | 374   | 436   | 436   | 16.6% |
| SW  | 72377      | 164.87   | 204.96     | 1.243 |      | 1.242 |        |       |       |       |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 17.6 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
SINGLE LIMIT LIABILITY

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES (PPT)

|     | (1)        | (2)      | (3)        | (4)   | (5)  | (6)   | (7)    | (8)   | (9)   | (10)  | (11)  |
|-----|------------|----------|------------|-------|------|-------|--------|-------|-------|-------|-------|
|     |            |          |            |       |      |       |        | BASE  | BASE  | BASE  |       |
| T   | EARNED CAR | \$100000 | EXPER LOSS |       |      |       |        | CLASS | CLASS | CLASS | ADV   |
| E   | YRS YR     | UND      | COST 5 YRS |       |      |       | INDEX  | LOSS  | LOSS  | LOSS  | LOSS  |
| R   | ENDED      | LOSS     | END        | EXPER |      | FORM  | (6) TO | COST  | COST  | COST  | COST  |
| R   | 12/31/2022 | COST     | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES  | IND*  | REV   | CHG** |
| 101 | 1532       | 245.76   | 144.33     | 0.587 | 0.10 | 0.941 | 0.955  | 266   | 277   | 277   | 4.1%  |
| 105 | 3231       | 193.76   | 228.39     | 1.179 | 0.15 | 1.010 | 1.025  | 212   | 237   | 237   | 11.8% |
| 106 | 2929       | 142.50   | 154.55     | 1.085 | 0.10 | 0.991 | 1.006  | 162   | 178   | 178   | 9.9%  |
| 107 | 746        | 361.94   | 328.56     | 0.908 | 0.05 | 0.976 | 0.991  | 389   | 420   | 420   | 8.0%  |
| SW  | 8438       | 200.28   | 196.35     | 0.980 |      | 0.985 |        |       |       |       |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 9.0 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)



VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS, AND TRAILERS (TTT)

|     | (1)        | (2)    | (3)        | (4)   | (5)  | (6)   | (7)    | (8)  | (9)  | (10) | (11)  |
|-----|------------|--------|------------|-------|------|-------|--------|------|------|------|-------|
|     | EARNED CAR |        | EXPER LOSS |       |      |       |        | BASE | BASE | BASE | ADV   |
| T   | YRS YR     | UND    | COST 5 YRS |       |      |       | INDEX  | LOSS | LOSS | LOSS | LOSS  |
| E   | ENDED      | LOSS   | END        | EXPER |      | FORM  | (6) TO | COST | COST | COST | COST  |
| R   | 12/31/2022 | COST   | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES | IND* | REV  | CHG** |
| 101 | 8516       | 129.01 | 151.39     | 1.173 | 0.25 | 1.309 | 0.963  | 195  | 229  | 229  | 17.4% |
| 105 | 19332      | 138.27 | 166.76     | 1.206 | 0.40 | 1.295 | 0.952  | 204  | 237  | 237  | 16.2% |
| 106 | 12543      | 168.74 | 279.67     | 1.657 | 0.40 | 1.475 | 1.085  | 328  | 435  | 435  | 32.6% |
| 107 | 4267       | 188.09 | 243.39     | 1.294 | 0.20 | 1.342 | 0.987  | 271  | 327  | 327  | 20.7% |
| SW  | 44658      | 149.82 | 202.86     | 1.354 |      | 1.360 |        |      |      |      |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 22.1 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
TRUCKS, TRACTORS, AND TRAILERS (TTT)

|     | (1)        | (2)    | (3)        | (4)   | (5)  | (6)   | (7)    | (8)  | (9)  | (10) | (11)  |
|-----|------------|--------|------------|-------|------|-------|--------|------|------|------|-------|
|     | EARNED CAR |        | EXPER LOSS |       |      |       |        | BASE | BASE | BASE | ADV   |
| T   | YRS YR     | UND    | COST 5 YRS |       |      |       | INDEX  | LOSS | LOSS | LOSS | LOSS  |
| E   | ENDED      | LOSS   | END        | EXPER |      | FORM  | (6) TO | COST | COST | COST | COST  |
| R   | 12/31/2022 | COST   | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES | IND* | REV  | CHG** |
| 101 | 8608       | 164.49 | 307.19     | 1.868 | 0.35 | 1.761 | 1.029  | 293  | 405  | 405  | 38.2% |
| 105 | 19977      | 172.62 | 297.96     | 1.726 | 0.60 | 1.717 | 1.004  | 326  | 439  | 439  | 34.7% |
| 106 | 12294      | 133.22 | 231.97     | 1.741 | 0.35 | 1.717 | 1.004  | 307  | 414  | 414  | 34.9% |
| 107 | 4514       | 213.22 | 280.97     | 1.318 | 0.25 | 1.608 | 0.940  | 373  | 471  | 471  | 26.3% |
| SW  | 45393      | 164.44 | 280.15     | 1.704 |      | 1.711 |        |      |      |      |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 34.3 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COMPREHENSIVE

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES (PPT)

|     | (1)        | (2)    | (3)        | (4)   | (5)  | (6)   | (7)    | (8)   | (9)   | (10)  | (11)  |
|-----|------------|--------|------------|-------|------|-------|--------|-------|-------|-------|-------|
|     |            |        |            |       |      |       |        | BASE  | BASE  | BASE  |       |
| T   | EARNED CAR |        | EXPER LOSS |       |      |       |        | CLASS | CLASS | CLASS | ADV   |
| E   | YRS YR     | UND    | COST 5 YRS |       |      |       | INDEX  | LOSS  | LOSS  | LOSS  | LOSS  |
| R   | ENDED      | LOSS   | END        | EXPER |      | FORM  | (6) TO | COST  | COST  | COST  | COST  |
| R   | 12/31/2022 | COST   | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES  | IND*  | REV   | CHG** |
| 101 | 1127       | 221.69 | 247.83     | 1.118 | 0.15 | 1.225 | 0.984  | 288   | 310   | 310   | 7.6%  |
| 105 | 2263       | 231.07 | 296.92     | 1.285 | 0.20 | 1.252 | 1.006  | 278   | 307   | 307   | 10.4% |
| 106 | 1711       | 414.00 | 517.78     | 1.251 | 0.25 | 1.246 | 1.001  | 472   | 518   | 518   | 9.7%  |
| 107 | 474        | 268.68 | 345.70     | 1.287 | 0.10 | 1.248 | 1.002  | 354   | 389   | 389   | 9.9%  |
| SW  | 5575       | 288.51 | 358.93     | 1.244 |      | 1.245 |        |       |       |       |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 9.6 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8)

VERISK

MONTANA  
COMMERCIAL AUTOMOBILE INSURANCE  
PHYSICAL DAMAGE - COLLISION

DETERMINATION OF LOSS COST LEVEL CHANGES BY TERRITORY  
PRIVATE PASSENGER TYPES (PPT)

|     | (1)        | (2)    | (3)        | (4)   | (5)  | (6)   | (7)    | (8)   | (9)   | (10)  | (11)  |
|-----|------------|--------|------------|-------|------|-------|--------|-------|-------|-------|-------|
|     |            |        |            |       |      |       |        | BASE  | BASE  | BASE  |       |
| T   | EARNED CAR |        | EXPER LOSS |       |      |       |        | CLASS | CLASS | CLASS | ADV   |
| E   | YRS YR     | UND    | COST 5 YRS |       |      |       | INDEX  | LOSS  | LOSS  | LOSS  | LOSS  |
| R   | ENDED      | LOSS   | END        | EXPER |      | FORM  | (6) TO | COST  | COST  | COST  | COST  |
| R   | 12/31/2022 | COST   | 12/31/2022 | RATIO | CRED | RATIO | STATE  | PRES  | IND*  | REV   | CHG** |
| 101 | 1095       | 168.02 | 245.66     | 1.462 | 0.20 | 1.380 | 1.015  | 265   | 310   | 310   | 17.0% |
| 105 | 1769       | 249.26 | 330.07     | 1.324 | 0.25 | 1.351 | 0.994  | 364   | 417   | 417   | 14.6% |
| 106 | 753        | 211.13 | 273.41     | 1.295 | 0.15 | 1.350 | 0.993  | 309   | 354   | 354   | 14.6% |
| 107 | 506        | 265.15 | 375.19     | 1.415 | 0.15 | 1.368 | 1.007  | 416   | 483   | 483   | 16.1% |
| SW  | 4123       | 222.67 | 302.84     | 1.360 |      | 1.359 |        |       |       |       |       |

\* KEYED TO A STATEWIDE LOSS COST CHANGE OF 15.3 PERCENT.

\*\* PERCENTAGE CHANGE IN LOSS COST IS (COL 10/COL 8) PERCENT.

VERISK

COMMERCIAL AUTOMOBILE LIABILITY INSURANCE  
MULTISTATE LOSS ADJUSTMENT EXPENSE EXPERIENCE

Calendar Year

Development of Unallocated Loss Adjustment Expense Factor

|     |  | <u>Bodily Injury</u><br>(000's)   |             |             |             |             | <u>3 YR.</u><br><u>AVG</u> | <u>5 YR.</u><br><u>AVG</u> |
|-----|--|-----------------------------------|-------------|-------------|-------------|-------------|----------------------------|----------------------------|
|     |  | <u>2017</u>                       | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |                            |                            |
| (1) | <u>ITEM</u><br>Direct Losses Incurred                                    | 7,654,798                         | 8,320,652   | 9,035,311   | 9,595,965   | 9,310,024   |                            |                            |
| (2) | Allocated Loss Adjustment<br>Expenses Incurred                           | 815,413                           | 817,565     | 931,597     | 1,024,716   | 1,155,067   |                            |                            |
| (3) | Unallocated Loss Adjustment<br>Expense Incurred                          | 610,792                           | 635,032     | 651,984     | 644,310     | 494,093     |                            |                            |
| (4) | Unallocated LAE as a Ratio<br>to Losses + Allocated LAE<br>(3)/[(1)+(2)] | 7.2%                              | 6.9%        | 6.5%        | 6.1%        | 4.7%        | 5.8%                       | 6.3%                       |
| (5) | Selected Factor  |                                   |             |             |             |             |                            | 6.5%                       |
|     |  | <u>Property Damage</u><br>(000's) |             |             |             |             | <u>3 YR.</u><br><u>AVG</u> | <u>5 YR.</u><br><u>AVG</u> |
|     |  | <u>2017</u>                       | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |                            |                            |
| (1) | <u>ITEM</u><br>Direct Losses Incurred                                    | 1,375,898                         | 1,573,076   | 1,541,286   | 1,035,696   | 1,393,223   |                            |                            |
| (2) | Allocated Loss Adjustment<br>Expenses Incurred                           | 72,662                            | 93,266      | 84,944      | 42,405      | 67,250      |                            |                            |
| (3) | Unallocated Loss Adjustment<br>Expense Incurred                          | 176,501                           | 179,938     | 159,014     | 151,025     | 139,662     |                            |                            |
| (4) | Unallocated LAE as a Ratio<br>to Losses + Allocated LAE<br>(3)/[(1)+(2)] | 12.2%                             | 10.8%       | 9.8%        | 14.0%       | 9.6%        | 11.1%                      | 11.3%                      |
| (5) | Selected Factor  |                                   |             |             |             |             |                            | 10.5%                      |

All items are from Special Call Submission for available writers.

VERISK

COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE INSURANCE  
MULTISTATE LOSS ADJUSTMENT EXPENSE EXPERIENCE

Calendar Year

Development of Factor to Include all Loss Adjustment Expenses

|     |   | (000's)   |           |           |           |           | 3 YR. | 5 YR. |
|-----|---|-----------|-----------|-----------|-----------|-----------|-------|-------|
|     |   | 2017      | 2018      | 2019      | 2020      | 2021      | AVG   | AVG   |
| (1) | ITEM<br>Direct Losses Incurred  | 5,440,605 | 5,512,801 | 5,741,885 | 5,199,307 | 6,427,285 |       |       |
| (2) | Loss Adjustment Expenses<br>Incurred                                  | 701,565   | 713,364   | 735,418   | 662,147   | 754,274   |       |       |
| (3) | Losses + LAE Incurred as<br>Ratio to Losses Incurred<br>[(1)+(2)]/(1) | 1.129     | 1.129     | 1.128     | 1.127     | 1.117     | 1.124 | 1.126 |
| (4) | Selected  |           |           |           |           |           |       | 1.125 |

Items (1) and (2) are from the Insurance Expense Exhibits for agency and direct writers.

VERISK

COMMERCIAL AUTO LIABILITY  
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR  
LOSS RATIOS FOR SUBSEQUENT CHANGES

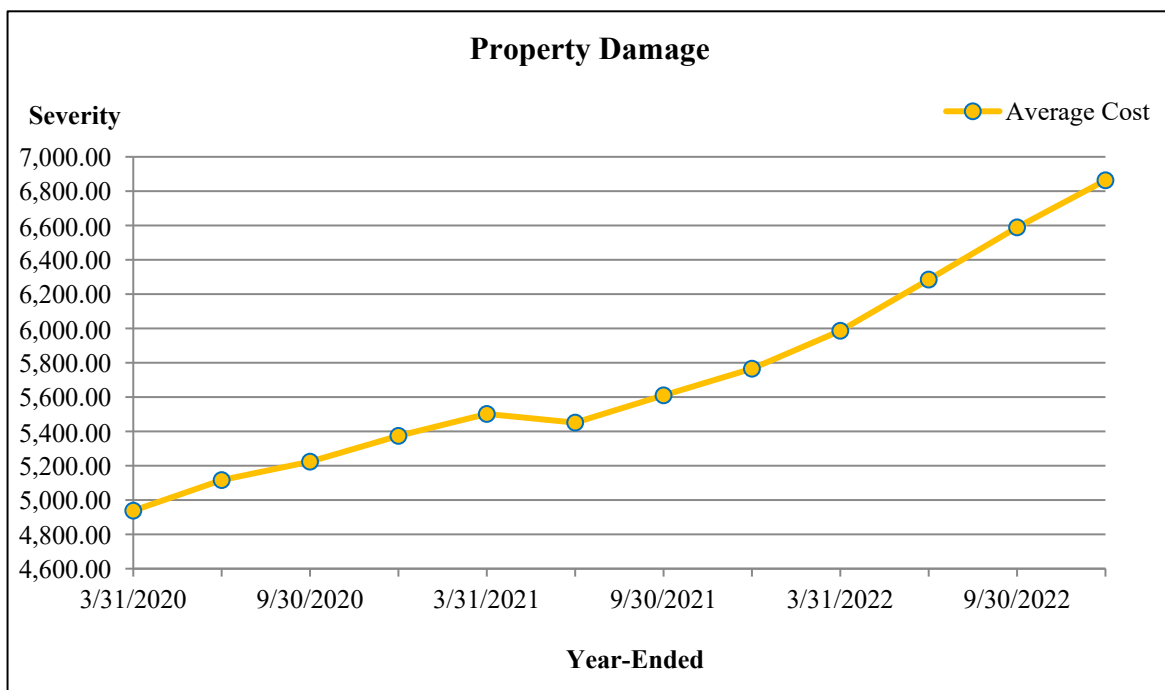
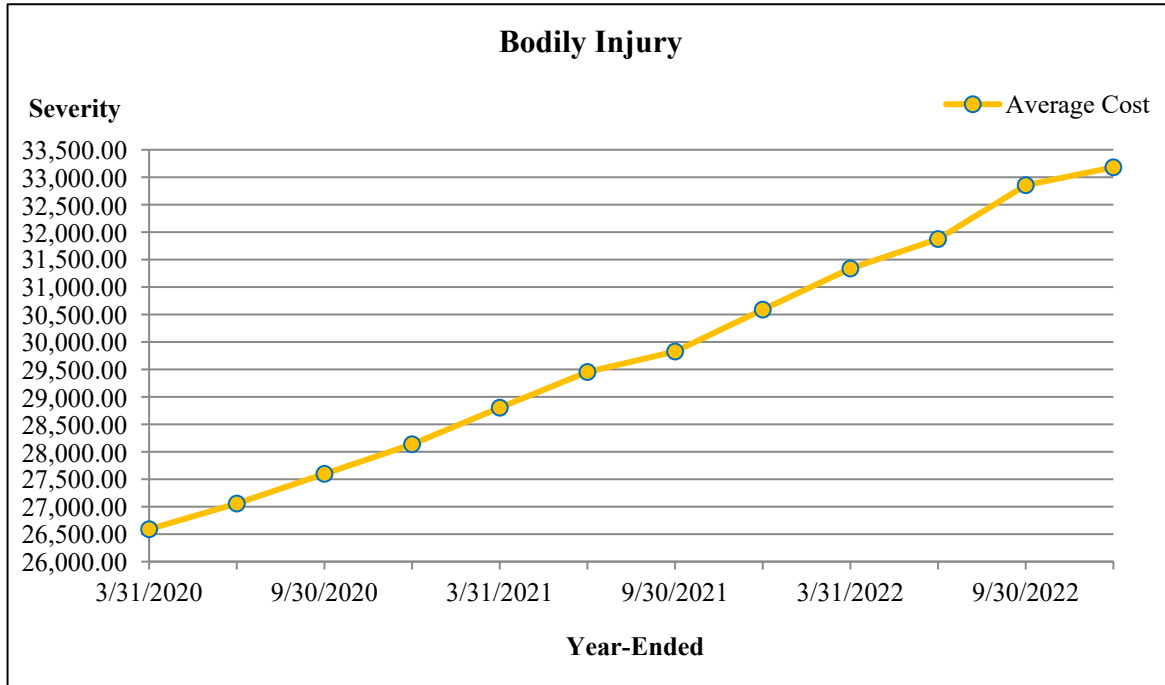
AVERAGE PAID CLAIM COST DATA

| YEAR<br>ENDED | MONTANA  |          |                                      |         | MULTISTATE*                        |          |                                      |         |
|---------------|--|----------|--------------------------------------|---------|------------------------------------|----------|--------------------------------------|---------|
|               | BODILY INJURY<br>(\$100000 LIMITS)   |          | PROPERTY DAMAGE<br>(\$100000 LIMITS) |         | BODILY INJURY<br>(\$100000 LIMITS) |          | PROPERTY DAMAGE<br>(\$100000 LIMITS) |         |
|               | (1)  | (2)      | (3)                                  | (4)     | (5)                                | (6)      | (7)                                  | (8)     |
|               | EXPONENTIAL  |          | EXPONENTIAL                          |         | EXPONENTIAL                        |          | EXPONENTIAL                          |         |
|               | ACTUAL   | FIT      | ACTUAL                               | FIT     | ACTUAL                             | FIT      | ACTUAL                               | FIT     |
| 3/31/2020     | 36505.72   | 37029.73 | 5421.21                              | 5193.29 | 26589.58                           | 26501.47 | 4938.06                              | 4894.47 |
| 6/30/2020     | 37083.42   | 36423.10 | 5479.55                              | 5312.83 | 27057.21                           | 27056.06 | 5116.28                              | 5031.57 |
| 9/30/2020     | 32246.96   | 35826.41 | 5689.95                              | 5435.13 | 27597.87                           | 27622.25 | 5223.64                              | 5172.52 |
| 12/31/2020    | 36010.76   | 35239.49 | 5675.00                              | 5560.24 | 28137.56                           | 28200.29 | 5373.91                              | 5317.42 |
| 3/31/2021     | 36357.40   | 34662.19 | 5353.88                              | 5688.23 | 28803.01                           | 28790.43 | 5501.68                              | 5466.37 |
| 6/30/2021     | 38570.69   | 34094.34 | 5307.16                              | 5819.17 | 29453.20                           | 29392.92 | 5451.21                              | 5619.50 |
| 9/30/2021     | 35063.97   | 33535.80 | 5641.68                              | 5953.12 | 29826.40                           | 30008.01 | 5610.10                              | 5776.92 |
| 12/31/2021    | 33299.52   | 32986.41 | 5790.07                              | 6090.15 | 30588.83                           | 30635.98 | 5765.37                              | 5938.74 |
| 3/31/2022     | 28715.55   | 32446.01 | 6085.94                              | 6230.34 | 31337.64                           | 31277.09 | 5986.36                              | 6105.10 |
| 6/30/2022     | 27556.07   | 31914.48 | 6826.71                              | 6373.76 | 31874.18                           | 31931.61 | 6284.77                              | 6276.12 |
| 9/30/2022     | 33882.07   | 31391.64 | 6673.55                              | 6520.48 | 32854.75                           | 32599.83 | 6588.94                              | 6451.93 |
| 12/31/2022    | 32376.53   | 30877.38 | 7001.60                              | 6670.57 | 33180.70                           | 33282.04 | 6863.32                              | 6632.67 |
|               |  |          |                                      |         | BODILY INJURY                      |          | PROPERTY DAMAGE                      |         |
| (9)           | AVERAGE ANNUAL PERCENT CHANGE IN PAID<br>CLAIM COST (12TH POINT / 8TH POINT)                               |          |                                      |         |                                    |          |                                      |         |
|               | (A) MONTANA  |          |                                      |         | -6.4%                              |          | 9.5%                                 |         |
|               | (B) MULTISTATE   |          |                                      |         | 8.6%                               |          | 11.7%                                |         |
| (10)          | CREDIBILITY  |          |                                      |         | 0.00                               |          | 0.05                                 |         |
| (11)          | WEIGHTED AVERAGE ANNUAL PERCENT CHANGE<br>IN PAID CLAIM COSTS<br>{ (10) * (9A) } + { (1.0 - (10)) * (9B) } |          |                                      |         | 8.6%                               |          | 11.6%                                |         |
| (12)          | SELECTED ANNUAL PERCENT CHANGE IN<br>CLAIM FREQUENCY   |          |                                      |         | 0.0%                               |          | 0.0%                                 |         |
| (13)          | AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY<br>LOSS RATIO (11) * (12)                                       |          |                                      |         | 8.6%                               |          | 11.6%                                |         |

\* EXCLUDES MASSACHUSETTS

VERISK

Commercial Automobile Liability  
Average Paid Claim Cost Experience  
Multistate\*



\*Excludes Massachusetts



VERISK

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

MULTISTATE\*

TRUCKS, TRACTORS, AND TRAILERS

| <u>YEAR</u><br><u>ENDING</u> | <u>BODILY INJURY</u><br><u>ACTUAL</u> | <u>BODILY INJURY</u><br><u>ACTUAL CHANGE@</u> | <u>PROPERTY DAMAGE</u><br><u>ACTUAL</u> | <u>PROPERTY DAMAGE</u><br><u>ACTUAL CHANGE@</u> |
|------------------------------|---------------------------------------|---|---|---|
| 12/31/2016                   | 0.7703                                |   | 2.6939                                  |   |
| 3/31/2017                    | 0.7740                                |   | 2.6772                                  |   |
| 6/30/2017                    | 0.7860                                |   | 2.6747                                  |   |
| 9/30/2017                    | 0.7880                                |   | 2.6508                                  |   |
| 12/31/2017                   | 0.7911                                | 2.7% &  | 2.6566                                  | -1.4% &   |
| 3/31/2018                    | 0.7966                                |   | 2.6735                                  |   |
| 6/30/2018                    | 0.7949                                |   | 2.6876                                  |   |
| 9/30/2018                    | 0.7948                                | 0.9%  | 2.6953                                  | 1.7%  |
| 12/31/2018                   | 0.7935                                |   | 2.6986                                  |   |
| 3/31/2019                    | 0.7905                                |   | 2.6935                                  |   |
| 6/30/2019                    | 0.7834                                |   | 2.6600                                  |   |
| 9/30/2019                    | 0.7827                                | -1.5%   | 2.6521                                  | -1.6%   |
| 12/31/2019                   | 0.7763                                |   | 2.6269                                  |   |
| 3/31/2020                    | 0.7479                                |   | 2.5158                                  |   |
| 6/30/2020                    | 0.6702                                |   | 2.2745                                  |   |
| 9/30/2020                    | 0.6242                                | -20.3%  | 2.1119                                  | -20.4%  |
| 12/31/2020                   | 0.5789                                |   | 1.9742                                  |   |
| 3/31/2021                    | 0.5636                                |   | 1.9256                                  |   |
| 6/30/2021                    | 0.6035                                |   | 2.0337                                  |   |
| 9/30/2021                    | 0.6022                                | -3.5%   | 2.0374                                  | -3.5%   |
| 12/31/2021                   | 0.6003                                |   | 2.0271                                  |   |
| 3/31/2022                    | 0.6078                                |   | 2.0388                                  |   |
| 6/30/2022                    | 0.6015                                |   | 2.0222                                  |   |
| 9/30/2022                    | 0.6009                                | -0.2%   | 1.9969                                  | -2.0%   |

\* EXCLUDES MASSACHUSETTS

@ CHANGE BASED ON YEARS ENDING 9/30/XXXX

&amp; CHANGE BASED ON YEAR ENDING 12/31/2017 divided by 12/31/2016

VERISK

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

MULTISTATE\*

PRIVATE PASSENGER TYPES

| <u>YEAR</u><br><u>ENDING</u> | <u>BODILY INJURY</u><br><u>ACTUAL</u> | <u>BODILY INJURY</u><br><u>ACTUAL CHANGE@</u> | <u>PROPERTY DAMAGE</u><br><u>ACTUAL</u> | <u>PROPERTY DAMAGE</u><br><u>ACTUAL CHANGE@</u> |
|------------------------------|---------------------------------------|---|---|---|
| 12/31/2016                   | 0.7868                                |   | 2.9292                                  |   |
| 3/31/2017                    | 0.7774                                |   | 2.8643                                  |   |
| 6/30/2017                    | 0.7851                                |   | 2.8427                                  |   |
| 9/30/2017                    | 0.7707                                |   | 2.7589                                  |   |
| 12/31/2017                   | 0.7758                                | -1.4% &                                       | 2.7528                                  | -6.0% &   |
| 3/31/2018                    | 0.7944                                |   | 2.7798                                  |   |
| 6/30/2018                    | 0.7942                                |   | 2.7214                                  |   |
| 9/30/2018                    | 0.7820                                | 1.5%  | 2.7129                                  | -1.7%   |
| 12/31/2018                   | 0.7783                                |   | 2.6612                                  |   |
| 3/31/2019                    | 0.7596                                |   | 2.6117                                  |   |
| 6/30/2019                    | 0.7429                                |   | 2.5920                                  |   |
| 9/30/2019                    | 0.7300                                | -6.6%   | 2.5435                                  | -6.2%   |
| 12/31/2019                   | 0.7231                                |   | 2.4892                                  |   |
| 3/31/2020                    | 0.6878                                |   | 2.3825                                  |   |
| 6/30/2020                    | 0.5929                                |   | 2.0712                                  |   |
| 9/30/2020                    | 0.5494                                | -24.7%  | 1.8685                                  | -26.5%  |
| 12/31/2020                   | 0.4806                                |   | 1.6452                                  |   |
| 3/31/2021                    | 0.4687                                |   | 1.5327                                  |   |
| 6/30/2021                    | 0.5350                                |   | 1.6935                                  |   |
| 9/30/2021                    | 0.5578                                | 1.5%  | 1.7242                                  | -7.7%   |
| 12/31/2021                   | 0.5625                                |   | 1.7768                                  |   |
| 3/31/2022                    | 0.5592                                |   | 1.8088                                  |   |
| 6/30/2022                    | 0.5500                                |   | 1.8037                                  |   |
| 9/30/2022                    | 0.5355                                | -4.0%   | 1.8137                                  | 5.2%  |

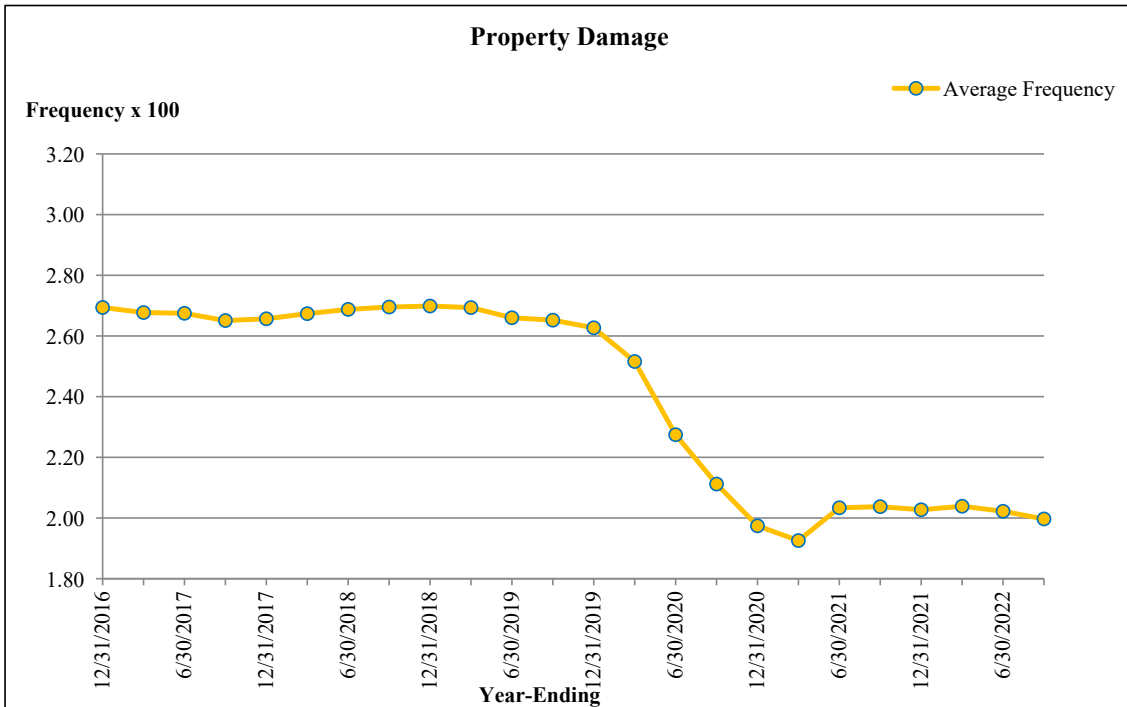
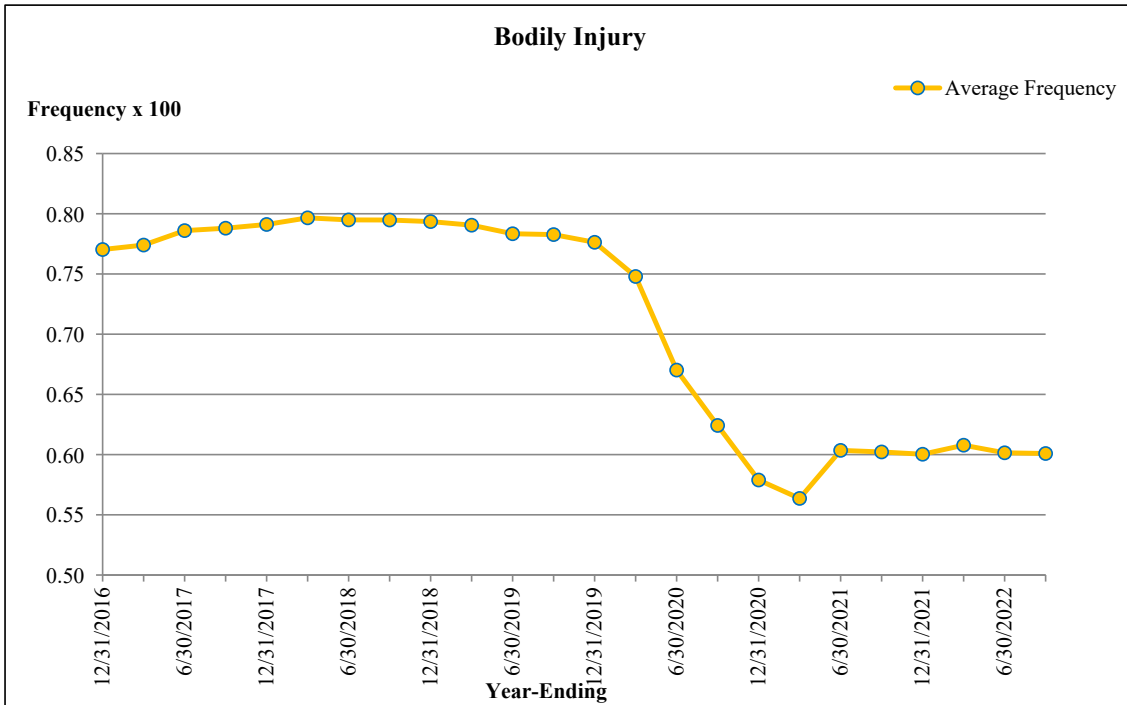
\* EXCLUDES MASSACHUSETTS

@ CHANGE BASED ON YEARS ENDING 9/30/XXXX

&amp; CHANGE BASED ON YEAR ENDING 12/31/2017 divided by 12/31/2016

VERISK

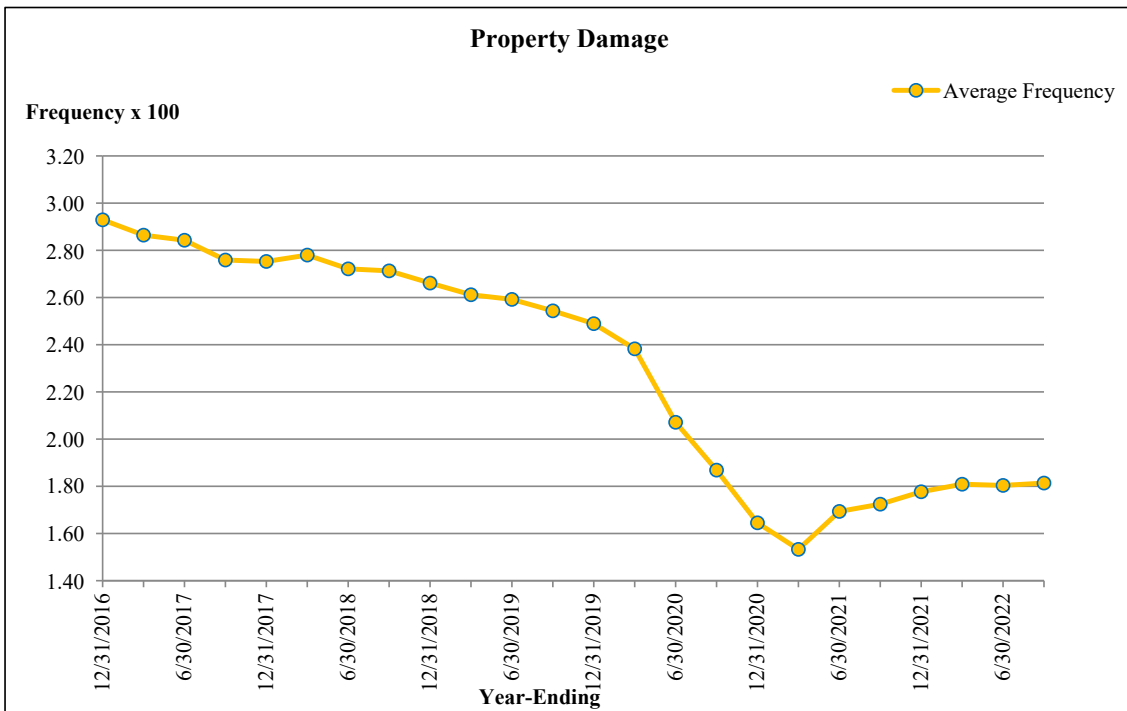
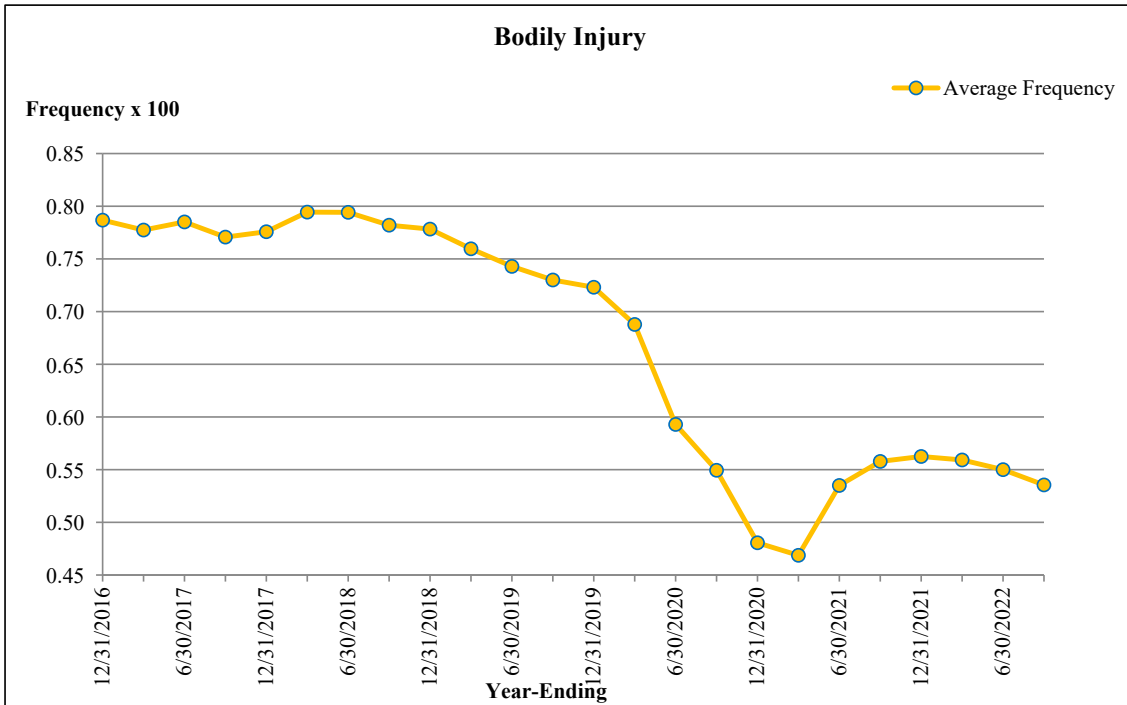
Commercial Automobile Liability  
Incurred Claim Frequency Experience  
Trucks, Tractors, and Trailers  
Multistate\*



\*Excludes Massachusetts

VERISK

Commercial Automobile Liability  
Incurred Claim Frequency Experience  
Private Passenger Types  
Multistate\*



\*Excludes Massachusetts

VERISK

Multistate\*  
Trucks, Tractors & Trailers  
Liability  
Premium Trend Calculation

Companies Not Reporting Age Code X Data

| Year Ending: | Average Rating Factor |
|--------------|-----------------------|
|--------------|-----------------------|

|            |       |
|------------|-------|
| 6/30/2020  | 1.068 |
| 12/31/2020 | 1.068 |
| 6/30/2021  | 1.065 |
| 12/31/2021 | 1.060 |
| 6/30/2022  | 1.056 |
| 12/31/2022 | 1.049 |

Exponential Trend (Average Annual Change)

|          |       |
|----------|-------|
| 6 Points | -0.7% |
| 5 Points | -0.9% |
| 4 Points | -1.0% |

\* Excludes Massachusetts

VERISK

Multistate\*  
Trucks, Tractors & Trailers  
Liability  
Premium Trend Calculation

All Companies  
Excluding 11th Preceding Model Year and Older Data

| Year Ending: | Average Rating Factor |
|--------------|-----------------------|
| 6/30/2018    | 1.097                 |
| 12/31/2018   | 1.104                 |
| 6/30/2019    | 1.110                 |
| 12/31/2019   | 1.115                 |
| 6/30/2020    | 1.119                 |
| 12/31/2020   | 1.120                 |
| 6/30/2021    | 1.121                 |
| 12/31/2021   | 1.121                 |
| 6/30/2022    | 1.123                 |
| 12/31/2022   | 1.125                 |

Exponential Trend (Average Annual Change)

|          |      |
|----------|------|
| 9 Points | 0.4% |
| 7 Points | 0.3% |
| 5 Points | 0.2% |

Selected Annual Premium Trend: **0.0%**

\* Excludes Massachusetts

VERISK

Multistate\*  
Private Passenger Types  
Liability  
Premium Trend Calculation

Companies Not Reporting Age Code X Data

| Year Ending: | Average Rating Factor |
|--------------|-----------------------|
|--------------|-----------------------|

|            |       |
|------------|-------|
| 6/30/2019  | 0.992 |
| 12/31/2019 | 0.991 |
| 6/30/2020  | 0.991 |
| 12/31/2020 | 0.990 |
| 6/30/2021  | 0.989 |
| 12/31/2021 | 0.989 |
| 6/30/2022  | 0.989 |
| 12/31/2022 | 0.985 |

Exponential Trend (Average Annual Change)

|          |       |
|----------|-------|
| 8 Points | -0.2% |
| 6 Points | -0.2% |
| 4 Points | -0.3% |

\* Excludes Massachusetts

VERISK

Multistate\*  
Private Passenger Types  
Liability  
Premium Trend Calculation

All Companies  
Excluding 11th Preceding Model Year and Older Data

| Year Ending: | Average Rating Factor |
|--------------|-----------------------|
| 6/30/2018    | 1.000                 |
| 12/31/2018   | 1.001                 |
| 6/30/2019    | 1.002                 |
| 12/31/2019   | 1.002                 |
| 6/30/2020    | 1.003                 |
| 12/31/2020   | 1.003                 |
| 6/30/2021    | 1.002                 |
| 12/31/2021   | 1.000                 |
| 6/30/2022    | 0.999                 |
| 12/31/2022   | 0.998                 |

Exponential Trend (Average Annual Change)

|          |       |
|----------|-------|
| 9 Points | -0.1% |
| 7 Points | -0.2% |
| 5 Points | -0.3% |

Selected Annual Premium Trend: **-0.2%**

\* Excludes Massachusetts



VERISK

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision

Frequency (expressed as claims per 100 exposures)

|              | \$500 Deductible |          | \$1,000 Deductible |          | \$2,000 Deductible |          |
|--------------|------------------|----------|--------------------|----------|--------------------|----------|
| Year Ending: | Value            | Change** | Value              | Change** | Value              | Change** |
| 3/31/2018    | 1.23             |          | 0.77               |          | 0.58               |          |
| 6/30/2018    | 1.27             |          | 0.79               |          | 0.59               |          |
| 9/30/2018    | 1.30             |          | 0.81               |          | 0.60               |          |
| 12/31/2018   | 1.35             |          | 0.83               |          | 0.62               |          |
| 3/31/2019    | 1.38             |          | 0.85               |          | 0.63               |          |
| 6/30/2019    | 1.41             | 11.0%    | 0.86               | 8.9%     | 0.63               | 6.8%     |
| 9/30/2019    | 1.43             |          | 0.87               |          | 0.64               |          |
| 12/31/2019   | 1.43             | 5.9%     | 0.86               | 3.6%     | 0.63               | 1.6%     |
| 3/31/2020    | 1.41             |          | 0.85               |          | 0.63               |          |
| 6/30/2020    | 1.37             | -2.8%    | 0.84               | -2.3%    | 0.61               | -3.2%    |
| 9/30/2020    | 1.37             |          | 0.84               |          | 0.61               |          |
| 12/31/2020   | 1.37             | -4.2%    | 0.85               | -1.2%    | 0.61               | -3.2%    |
| 3/31/2021    | 1.43             |          | 0.87               |          | 0.62               |          |
| 6/30/2021    | 1.49             | 8.8%     | 0.89               | 6.0%     | 0.63               | 3.3%     |
| 9/30/2021    | 1.50             |          | 0.90               |          | 0.63               |          |
| 12/31/2021   | 1.51             | 10.2%    | 0.90               | 5.9%     | 0.63               | 3.3%     |
| 3/31/2022    | 1.53             |          | 0.90               |          | 0.64               |          |
| 6/30/2022    | 1.52             | 2.0%     | 0.90               | 1.1%     | 0.65               | 3.2%     |
| 9/30/2022    | 1.53             |          | 0.91               |          | 0.66               |          |
| 12/31/2022   | 1.51             | 0.0%     | 0.90               | 0.0%     | 0.65               | 3.2%     |

Volume\*\*\* of losses for the most recent year by deductible:

| Deductible: | Percent of Losses |
|-------------|-------------------|
| Full        | 0.2%              |
| \$50        | 0.5%              |
| \$100       | 2.1%              |
| \$200       | 0.1%              |
| \$250       | 6.7%              |
| \$500       | 28.1%             |
| \$1,000     | 52.2%             |
| \$2,000     | 6.0%              |
| \$3,000     | 1.2%              |
| \$5,000     | 2.9%              |

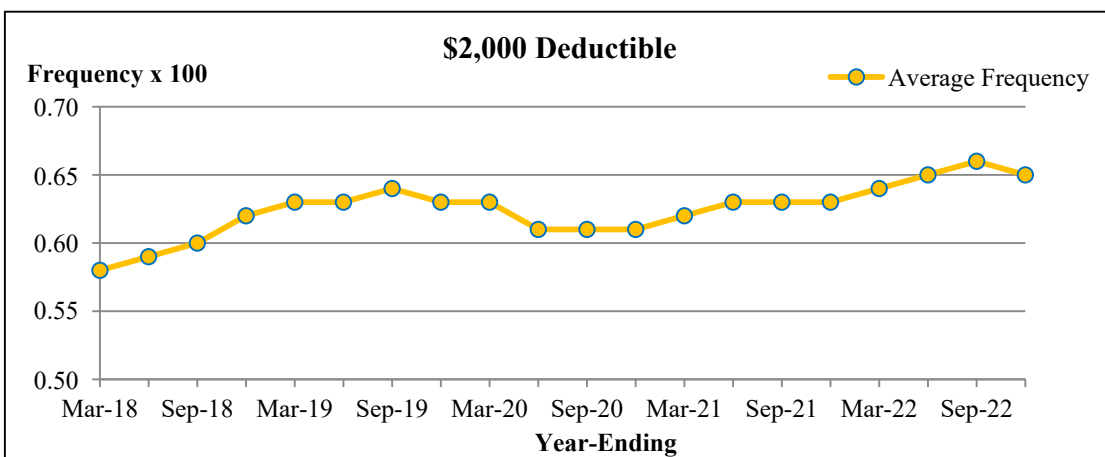
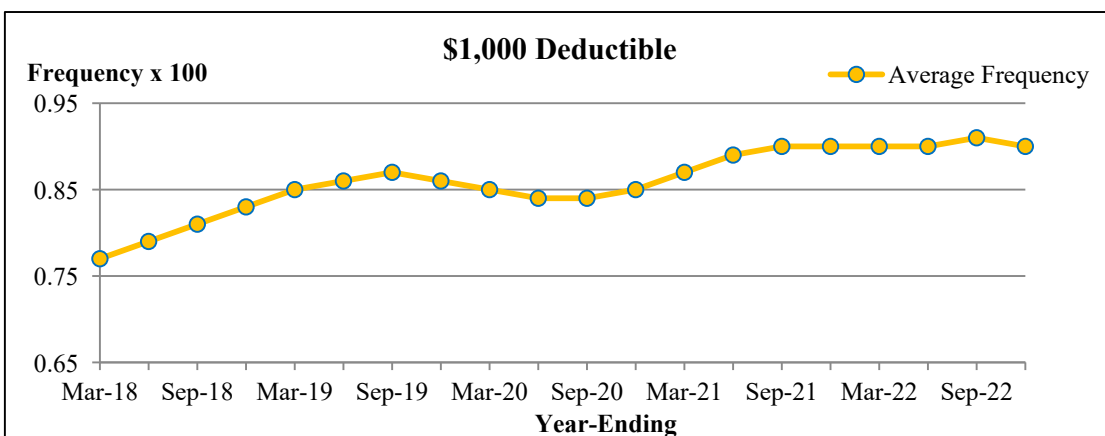
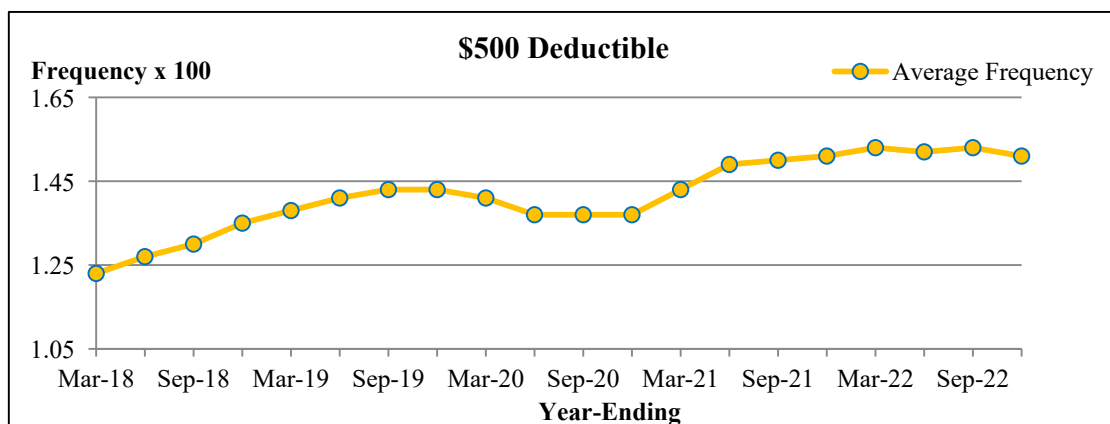
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 06/30/xxx and 12/31/xxxx

\*\*\* Deductibles above \$2,000, totaling 4.1% of losses, are excluded from the trend calculations.

VERISK

Commercial Automobile  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision Frequency Trend  
Multistate\*



\*Excludes Massachusetts

Selected Other Than Collision Frequency Trend Factor: 0.0%

VERISK

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Other Than Collision

Severity Trend

|              | \$500 Deductible | \$1,000 Deductible | \$2,000 Deductible |
|--------------|------------------|--------------------|--------------------|
| Year Ending: | Value            | Value              | Value              |
| 3/31/2018    | 2,640.83         | 3,986.02           | 4,672.54           |
| 6/30/2018    | 2,651.17         | 4,079.11           | 4,856.43           |
| 9/30/2018    | 2,624.75         | 4,056.79           | 4,863.44           |
| 12/31/2018   | 2,708.20         | 4,238.11           | 5,105.09           |
| 3/31/2019    | 2,718.65         | 4,272.74           | 5,169.61           |
| 6/30/2019    | 2,751.38         | 4,311.77           | 5,191.78           |
| 9/30/2019    | 2,781.52         | 4,394.45           | 5,267.87           |
| 12/31/2019   | 2,762.98         | 4,447.51           | 5,377.06           |
| 3/31/2020    | 2,799.75         | 4,418.30           | 5,298.93           |
| 6/30/2020    | 2,835.14         | 4,461.96           | 5,379.18           |
| 9/30/2020    | 2,815.93         | 4,449.59           | 5,360.68           |
| 12/31/2020   | 2,913.77         | 4,505.89           | 5,417.78           |
| 3/31/2021    | 2,974.75         | 4,596.12           | 5,603.70           |
| 6/30/2021    | 3,051.08         | 4,656.88           | 5,670.18           |
| 9/30/2021    | 3,281.77         | 4,864.96           | 5,971.23           |
| 12/31/2021   | 3,396.17         | 5,058.97           | 6,206.80           |
| 3/31/2022    | 3,509.83         | 5,270.21           | 6,402.83           |
| 6/30/2022    | 3,574.39         | 5,382.22           | 6,532.96           |
| 9/30/2022    | 3,551.01         | 5,469.20           | 6,642.38           |
| 12/31/2022   | 3,653.08         | 5,516.57           | 6,724.08           |

Average Annual Change Using Exponential Fits:

|               |       |      |       |
|---------------|-------|------|-------|
| 20 point fit: | 7.6%  | 6.8% | 7.4%  |
| 16 point fit: | 9.2%  | 7.5% | 7.9%  |
| 12 point fit: | 11.9% | 9.9% | 10.4% |

|                              |             |
|------------------------------|-------------|
| Selected severity trend:     | <b>8.5%</b> |
| Selected frequency trend:    | <b>0.0%</b> |
| Selected pure premium trend: | <b>8.5%</b> |

\* Multistate data excludes Massachusetts

VERISK

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Collision

Frequency (expressed as claims per 100 exposures)

|              | \$500 Deductible |          | \$1,000 Deductible |          | \$2,000 Deductible |          |
|--------------|------------------|----------|--------------------|----------|--------------------|----------|
| Year Ending: | Value            | Change** | Value              | Change** | Value              | Change** |
| 3/31/2018    | 2.22             |          | 1.97               |          | 1.62               |          |
| 6/30/2018    | 2.23             |          | 2.00               |          | 1.65               |          |
| 9/30/2018    | 2.26             |          | 2.02               |          | 1.67               |          |
| 12/31/2018   | 2.27             |          | 2.03               |          | 1.67               |          |
| 3/31/2019    | 2.27             |          | 2.03               |          | 1.67               |          |
| 6/30/2019    | 2.28             | 2.2%     | 2.03               | 1.5%     | 1.67               | 1.2%     |
| 9/30/2019    | 2.28             |          | 2.03               |          | 1.67               |          |
| 12/31/2019   | 2.28             | 0.4%     | 2.04               | 0.5%     | 1.68               | 0.6%     |
| 3/31/2020    | 2.18             |          | 1.94               |          | 1.61               |          |
| 6/30/2020    | 2.04             | -10.5%   | 1.80               | -11.3%   | 1.49               | -10.8%   |
| 9/30/2020    | 1.96             |          | 1.72               |          | 1.43               |          |
| 12/31/2020   | 1.88             | -17.5%   | 1.65               | -19.1%   | 1.38               | -17.9%   |
| 3/31/2021    | 1.92             |          | 1.67               |          | 1.41               |          |
| 6/30/2021    | 2.02             | -1.0%    | 1.78               | -1.1%    | 1.49               | 0.0%     |
| 9/30/2021    | 2.05             |          | 1.83               |          | 1.54               |          |
| 12/31/2021   | 2.08             | 10.6%    | 1.86               | 12.7%    | 1.58               | 14.5%    |
| 3/31/2022    | 2.09             |          | 1.90               |          | 1.61               |          |
| 6/30/2022    | 2.09             | 3.5%     | 1.91               | 7.3%     | 1.63               | 9.4%     |
| 9/30/2022    | 2.09             |          | 1.90               |          | 1.64               |          |
| 12/31/2022   | 2.08             | 0.0%     | 1.90               | 2.2%     | 1.65               | 4.4%     |

Volume\*\*\* of losses for the most recent year by deductible:

| Deductible: | Percent of Losses |
|-------------|-------------------|
| \$100       | 0.0%              |
| \$200       | 0.0%              |
| \$250       | 0.8%              |
| \$500       | 27.4%             |
| \$1,000     | 58.5%             |
| \$2,000     | 7.6%              |
| \$3,000     | 2.1%              |
| \$5,000     | 3.6%              |

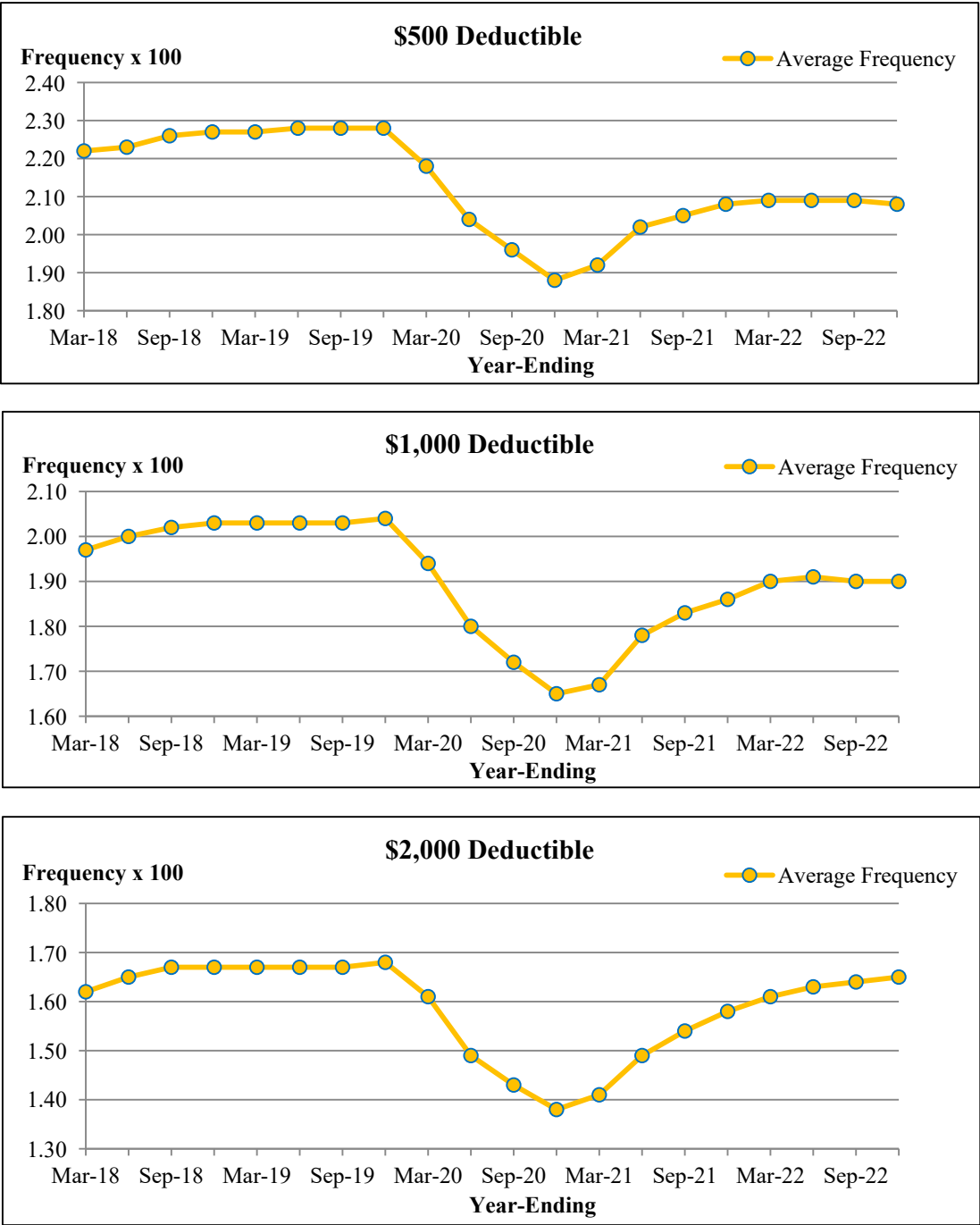
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 06/30/xxx and 12/31/xxxx

\*\*\* Deductibles above \$2,000, totaling 5.7% of losses, are excluded from trend calculations.

VERISK

Commercial Automobile  
Trucks, Tractors & Trailers Physical Damage  
Collision Frequency Trend  
Multistate\*



\*Excludes Massachusetts  
Selected Collision Frequency Trend Factor: 0.0%

VERISK

Multistate\*  
Trucks, Tractors & Trailers Physical Damage  
Collision

Severity Trend

|              | \$500 Deductible | \$1,000 Deductible | \$2,000 Deductible |
|--------------|------------------|--------------------|--------------------|
| Year Ending: | Value            | Value              | Value              |
| 3/31/2018    | 5,394.13         | 6,146.80           | 6,527.43           |
| 6/30/2018    | 5,460.69         | 6,209.78           | 6,608.20           |
| 9/30/2018    | 5,547.32         | 6,304.38           | 6,693.83           |
| 12/31/2018   | 5,573.01         | 6,377.86           | 6,786.58           |
| 3/31/2019    | 5,652.61         | 6,456.72           | 6,907.08           |
| 6/30/2019    | 5,732.38         | 6,592.33           | 7,055.79           |
| 9/30/2019    | 5,735.84         | 6,610.42           | 7,090.05           |
| 12/31/2019   | 5,791.97         | 6,669.61           | 7,154.86           |
| 3/31/2020    | 5,822.31         | 6,757.99           | 7,247.68           |
| 6/30/2020    | 5,833.89         | 6,781.05           | 7,253.62           |
| 9/30/2020    | 5,868.21         | 6,928.21           | 7,399.92           |
| 12/31/2020   | 5,973.42         | 7,086.94           | 7,574.81           |
| 3/31/2021    | 6,104.76         | 7,213.28           | 7,671.66           |
| 6/30/2021    | 6,330.03         | 7,446.00           | 7,936.01           |
| 9/30/2021    | 6,664.56         | 7,743.95           | 8,269.00           |
| 12/31/2021   | 7,074.00         | 8,164.42           | 8,717.78           |
| 3/31/2022    | 7,452.01         | 8,573.81           | 9,181.32           |
| 6/30/2022    | 7,870.23         | 8,920.41           | 9,563.66           |
| 9/30/2022    | 8,256.57         | 9,341.04           | 9,992.63           |
| 12/31/2022   | 8,561.41         | 9,645.37           | 10,231.07          |

Average Annual Change Using Exponential Fits:

|               |       |       |       |
|---------------|-------|-------|-------|
| 20 point fit: | 9.3%  | 9.4%  | 9.5%  |
| 16 point fit: | 11.8% | 11.4% | 11.3% |
| 12 point fit: | 16.7% | 14.9% | 14.8% |

|                              |              |
|------------------------------|--------------|
| Selected severity trend:     | <b>11.5%</b> |
| Selected frequency trend:    | <b>0.0%</b>  |
| Selected pure premium trend: | <b>11.5%</b> |

\* Multistate data excludes Massachusetts

VERISK

Multistate\*  
Private Passenger Types Physical Damage  
Other Than Collision

Frequency (expressed as claims per 100 exposures)

|              | \$500 Deductible |          | \$1,000 Deductible |          | \$2,000 Deductible |          |
|--------------|------------------|----------|--------------------|----------|--------------------|----------|
| Year Ending: | Value            | Change** | Value              | Change** | Value              | Change** |
| 3/31/2018    | 2.99             |          | 1.87               |          | 1.22               |          |
| 6/30/2018    | 3.10             |          | 1.92               |          | 1.25               |          |
| 9/30/2018    | 3.11             |          | 1.93               |          | 1.24               |          |
| 12/31/2018   | 3.19             |          | 1.96               |          | 1.26               |          |
| 3/31/2019    | 3.31             |          | 2.03               |          | 1.30               |          |
| 6/30/2019    | 3.38             | 9.0%     | 2.10               | 9.4%     | 1.35               | 8.0%     |
| 9/30/2019    | 3.43             |          | 2.14               |          | 1.37               |          |
| 12/31/2019   | 3.44             | 7.8%     | 2.14               | 9.2%     | 1.36               | 7.9%     |
| 3/31/2020    | 3.32             |          | 2.07               |          | 1.33               |          |
| 6/30/2020    | 3.05             | -9.8%    | 1.91               | -9.0%    | 1.23               | -8.9%    |
| 9/30/2020    | 2.98             |          | 1.89               |          | 1.24               |          |
| 12/31/2020   | 2.89             | -16.0%   | 1.84               | -14.0%   | 1.20               | -11.8%   |
| 3/31/2021    | 2.99             |          | 1.89               |          | 1.21               |          |
| 6/30/2021    | 3.32             | 8.9%     | 2.07               | 8.4%     | 1.30               | 5.7%     |
| 9/30/2021    | 3.44             |          | 2.14               |          | 1.34               |          |
| 12/31/2021   | 3.54             | 22.5%    | 2.19               | 19.0%    | 1.37               | 14.2%    |
| 3/31/2022    | 3.63             |          | 2.25               |          | 1.40               |          |
| 6/30/2022    | 3.61             | 8.7%     | 2.27               | 9.7%     | 1.43               | 10.0%    |
| 9/30/2022    | 3.62             |          | 2.28               |          | 1.43               |          |
| 12/31/2022   | 3.57             | 0.8%     | 2.26               | 3.2%     | 1.43               | 4.4%     |

Volume\*\*\* of losses for the most recent year by deductible:

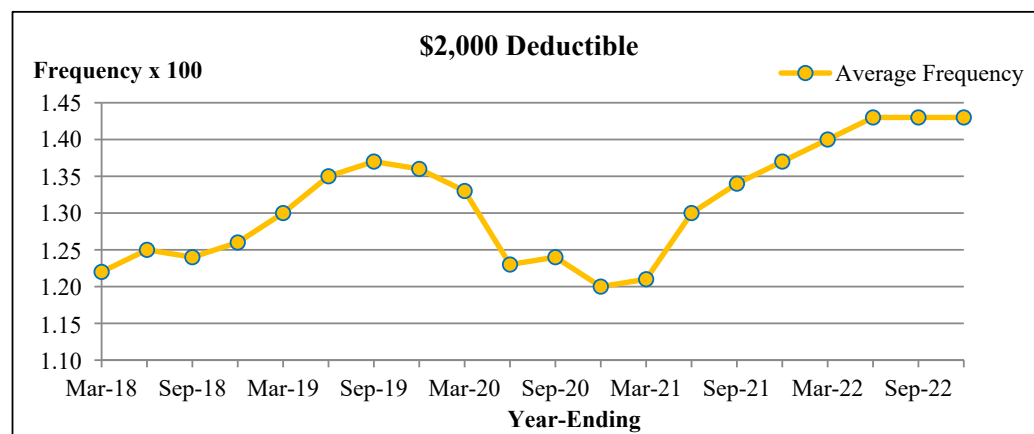
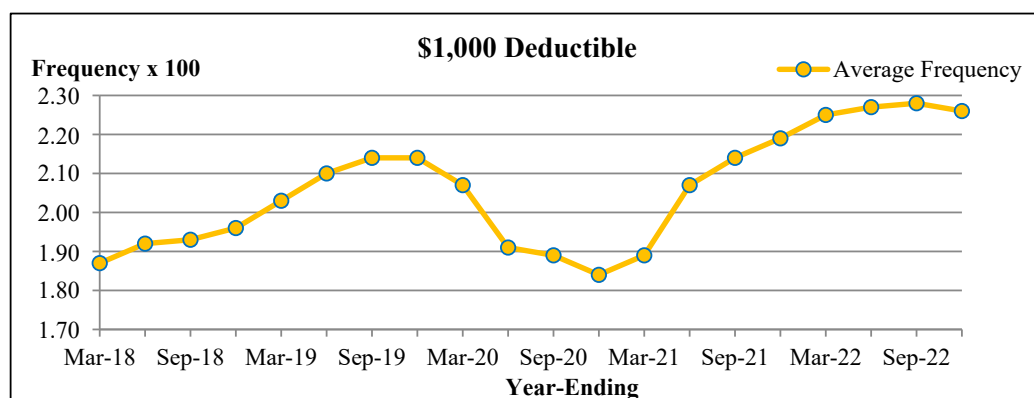
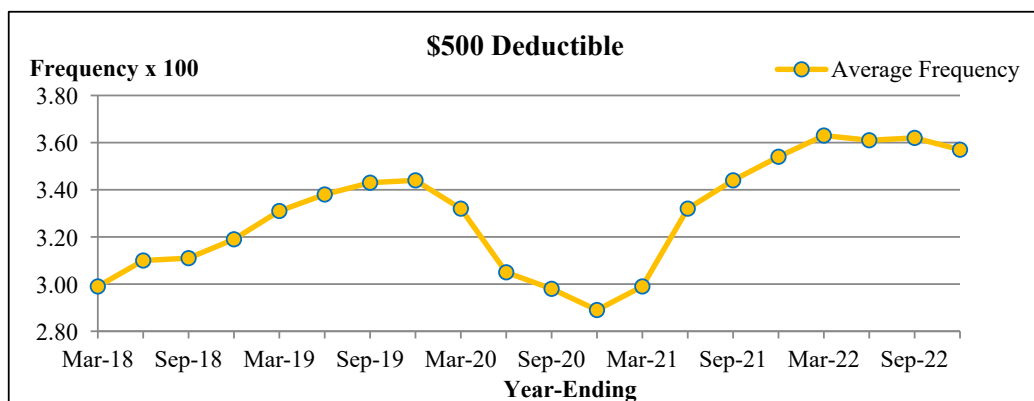
| Deductible: | Percent of Losses |
|-------------|-------------------|
| Full        | 0.3%              |
| \$50        | 0.1%              |
| \$100       | 1.8%              |
| \$200       | 0.4%              |
| \$250       | 11.3%             |
| \$500       | 39.7%             |
| \$1,000     | 44.1%             |
| \$2,000     | 1.8%              |
| \$3,000     | 0.1%              |
| \$5,000     | 0.3%              |

\* Multistate data excludes Massachusetts

\*\* Change based on years ending 06/30/xxx and 12/31/xxxx

VERISK

Commercial Automobile  
Private Passenger Types Physical Damage  
Other Than Collision Frequency Trend  
Multistate\*



\*Excludes Massachusetts

Selected Other Than Collision Frequency Trend Factor: 0.0%



VERISK

Multistate\*  
Private Passenger Types Physical Damage  
Other Than Collision

Severity Trend

|              | \$500 Deductible | \$1,000 Deductible | \$2,000 Deductible |
|--------------|------------------|--------------------|--------------------|
| Year Ending: | Value            | Value              | Value              |
| 3/31/2018    | 1,883.98         | 2,449.38           | 3,035.01           |
| 6/30/2018    | 1,901.02         | 2,471.81           | 3,063.31           |
| 9/30/2018    | 1,814.33         | 2,359.69           | 2,888.99           |
| 12/31/2018   | 1,861.52         | 2,435.78           | 3,013.54           |
| 3/31/2019    | 1,888.85         | 2,474.26           | 3,061.21           |
| 6/30/2019    | 1,911.32         | 2,517.05           | 3,089.33           |
| 9/30/2019    | 1,912.60         | 2,554.98           | 3,128.69           |
| 12/31/2019   | 1,907.02         | 2,564.25           | 3,125.36           |
| 3/31/2020    | 1,956.99         | 2,650.42           | 3,216.97           |
| 6/30/2020    | 2,026.54         | 2,683.59           | 3,274.17           |
| 9/30/2020    | 2,108.25         | 2,726.31           | 3,306.57           |
| 12/31/2020   | 2,195.12         | 2,766.08           | 3,355.40           |
| 3/31/2021    | 2,190.85         | 2,726.95           | 3,341.98           |
| 6/30/2021    | 2,195.30         | 2,785.35           | 3,433.31           |
| 9/30/2021    | 2,233.96         | 2,856.62           | 3,529.85           |
| 12/31/2021   | 2,292.90         | 2,963.81           | 3,716.34           |
| 3/31/2022    | 2,373.00         | 3,057.67           | 3,807.95           |
| 6/30/2022    | 2,415.86         | 3,077.36           | 3,839.89           |
| 9/30/2022    | 2,436.55         | 3,181.32           | 4,029.39           |
| 12/31/2022   | 2,537.61         | 3,342.55           | 4,220.63           |

Average Annual Change Using Exponential Fits:

|               |      |      |       |
|---------------|------|------|-------|
| 20 point fit: | 7.1% | 6.6% | 7.1%  |
| 16 point fit: | 8.5% | 7.5% | 8.5%  |
| 12 point fit: | 8.8% | 8.3% | 10.1% |

|                              |             |
|------------------------------|-------------|
| Selected severity trend:     | <b>8.0%</b> |
| Selected frequency trend:    | <b>0.0%</b> |
| Selected pure premium trend: | <b>8.0%</b> |

\* Multistate data excludes Massachusetts

VERISK

Multistate\*  
Private Passenger Types Physical Damage  
Collision

Frequency (expressed as claims per 100 exposures)

|              | \$500 Deductible |          | \$1,000 Deductible |          | \$2,000 Deductible |          |
|--------------|------------------|----------|--------------------|----------|--------------------|----------|
| Year Ending: | Value            | Change** | Value              | Change** | Value              | Change** |
| 3/31/2018    | 4.96             |          | 4.17               |          | 3.19               |          |
| 6/30/2018    | 4.88             |          | 4.17               |          | 3.19               |          |
| 9/30/2018    | 4.90             |          | 4.22               |          | 3.23               |          |
| 12/31/2018   | 4.87             |          | 4.19               |          | 3.22               |          |
| 3/31/2019    | 4.81             |          | 4.18               |          | 3.21               |          |
| 6/30/2019    | 4.83             | -1.0%    | 4.20               | 0.7%     | 3.25               | 1.9%     |
| 9/30/2019    | 4.82             |          | 4.18               |          | 3.24               |          |
| 12/31/2019   | 4.75             | -2.5%    | 4.18               | -0.2%    | 3.22               | 0.0%     |
| 3/31/2020    | 4.51             |          | 3.95               |          | 3.05               |          |
| 6/30/2020    | 3.99             | -17.4%   | 3.46               | -17.6%   | 2.68               | -17.5%   |
| 9/30/2020    | 3.69             |          | 3.17               |          | 2.49               |          |
| 12/31/2020   | 3.39             | -28.6%   | 2.86               | -31.6%   | 2.29               | -28.9%   |
| 3/31/2021    | 3.30             |          | 2.79               |          | 2.25               |          |
| 6/30/2021    | 3.64             | -8.8%    | 3.09               | -10.7%   | 2.50               | -6.7%    |
| 9/30/2021    | 3.72             |          | 3.21               |          | 2.60               |          |
| 12/31/2021   | 3.80             | 12.1%    | 3.35               | 17.1%    | 2.73               | 19.2%    |
| 3/31/2022    | 3.94             |          | 3.49               |          | 2.84               |          |
| 6/30/2022    | 4.00             | 9.9%     | 3.58               | 15.9%    | 2.93               | 17.2%    |
| 9/30/2022    | 4.07             |          | 3.69               |          | 3.06               |          |
| 12/31/2022   | 4.13             | 8.7%     | 3.72               | 11.0%    | 3.11               | 13.9%    |

Volume\*\*\* of losses for the most recent year by deductible:

| Deductible: | Percent of Losses |
|-------------|-------------------|
| \$100       | 0.0%              |
| \$200       | 0.0%              |
| \$250       | 0.9%              |
| \$500       | 36.1%             |
| \$1,000     | 56.9%             |
| \$2,000     | 4.1%              |
| \$3,000     | 0.6%              |
| \$5,000     | 1.4%              |

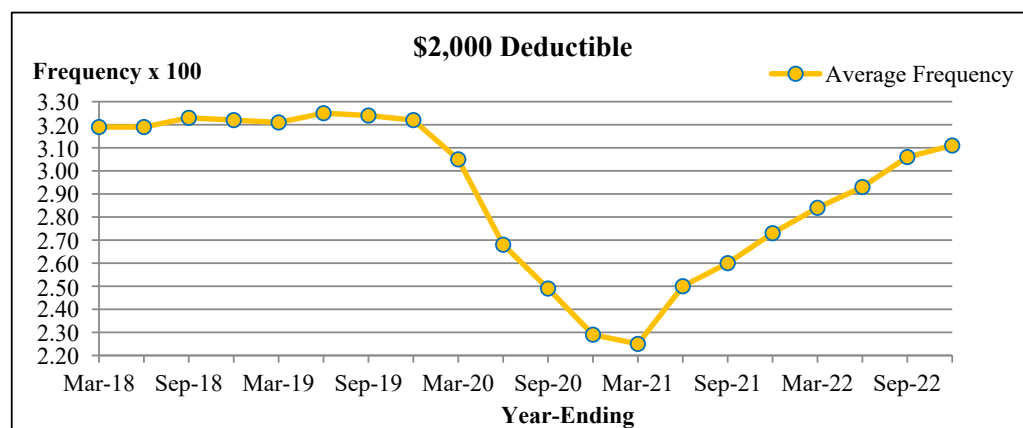
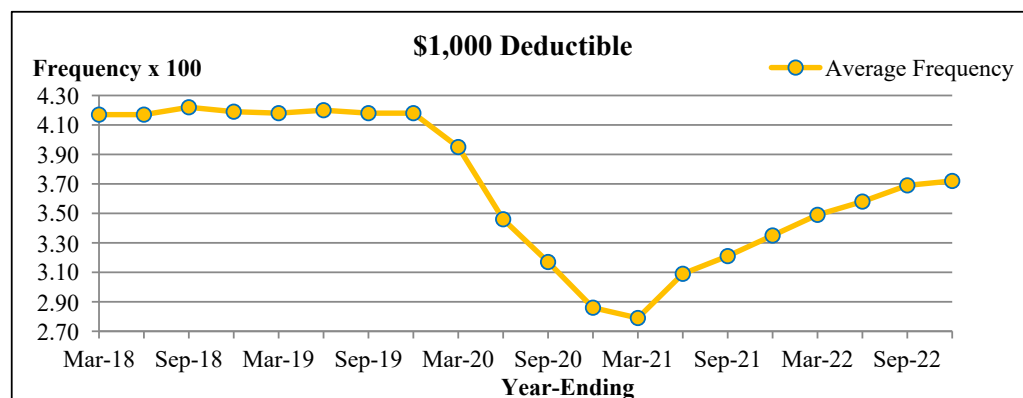
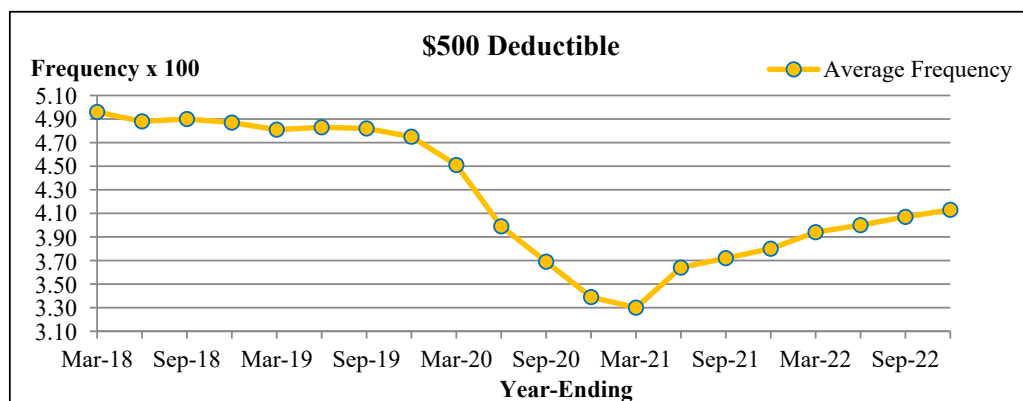
\* Multistate data excludes Massachusetts

\*\* Change based on years ending 06/30/xxx and 12/31/xxxx

\*\*\* Deductibles above \$2,000, totaling 2.0% of losses, are excluded from trend calculations.

VERISK

Commercial Automobile  
Private Passenger Types Physical Damage  
Collision Frequency Trend  
Multistate\*



\*Excludes Massachusetts

Selected Collision Frequency Trend Factor: 0.0%

VERISK

Multistate\*  
Private Passenger Types Physical Damage  
Collision

Severity Trend

|              | \$500 Deductible | \$1,000 Deductible | \$2,000 Deductible |
|--------------|------------------|--------------------|--------------------|
| Year Ending: | Value            | Value              | Value              |
| 3/31/2018    | 4,406.24         | 4,943.65           | 5,344.33           |
| 6/30/2018    | 4,553.50         | 5,036.70           | 5,444.92           |
| 9/30/2018    | 4,584.74         | 5,063.41           | 5,490.97           |
| 12/31/2018   | 4,541.01         | 5,050.94           | 5,460.67           |
| 3/31/2019    | 4,634.90         | 5,126.25           | 5,561.68           |
| 6/30/2019    | 4,594.19         | 5,128.72           | 5,528.23           |
| 9/30/2019    | 4,713.36         | 5,169.75           | 5,577.40           |
| 12/31/2019   | 4,881.07         | 5,309.18           | 5,761.17           |
| 3/31/2020    | 4,947.80         | 5,376.79           | 5,836.85           |
| 6/30/2020    | 5,094.48         | 5,462.69           | 5,927.82           |
| 9/30/2020    | 5,041.85         | 5,528.72           | 5,921.64           |
| 12/31/2020   | 5,074.19         | 5,604.63           | 5,911.91           |
| 3/31/2021    | 5,090.33         | 5,721.17           | 6,023.93           |
| 6/30/2021    | 5,224.82         | 5,923.95           | 6,289.24           |
| 9/30/2021    | 5,442.29         | 6,132.54           | 6,560.41           |
| 12/31/2021   | 5,804.02         | 6,447.80           | 6,930.33           |
| 3/31/2022    | 6,007.09         | 6,692.15           | 7,229.02           |
| 6/30/2022    | 6,124.52         | 6,920.40           | 7,413.16           |
| 9/30/2022    | 6,449.55         | 7,326.35           | 7,820.76           |
| 12/31/2022   | 6,603.17         | 7,581.90           | 8,068.83           |

Average Annual Change Using Exponential Fits:

|               |       |       |       |
|---------------|-------|-------|-------|
| 20 point fit: | 8.3%  | 8.9%  | 8.5%  |
| 16 point fit: | 9.9%  | 11.1% | 10.6% |
| 12 point fit: | 11.7% | 13.8% | 13.6% |

|                              |              |
|------------------------------|--------------|
| Selected severity trend:     | <b>11.0%</b> |
| Selected frequency trend:    | <b>0.0%</b>  |
| Selected pure premium trend: | <b>11.0%</b> |

\* Multistate data excludes Massachusetts

VERISK

Multistate\*  
Trucks, Tractors & Trailers  
Physical Damage  
Vehicle Value Factor Trend Calculation

Companies Not Reporting Age Code X Data

Average Vehicle Value Factor

| Year Ending: | Other Than Collision | Collision |
|--------------|----------------------|-----------|
| 6/30/2020    | 0.923                | 0.785     |
| 12/31/2020   | 0.935                | 0.790     |
| 6/30/2021    | 0.933                | 0.788     |
| 12/31/2021   | 0.924                | 0.789     |
| 6/30/2022    | 0.927                | 0.793     |
| 12/31/2022   | 0.941                | 0.790     |

Exponential Trend (Average Annual Change)

|          |      |      |
|----------|------|------|
| 6 Points | 0.3% | 0.2% |
| 5 Points | 0.1% | 0.1% |
| 4 Points | 0.5% | 0.2% |

\* Excludes Massachusetts

VERISK

Multistate\*  
Trucks, Tractors & Trailers  
Physical Damage  
Vehicle Value Factor Trend Calculation

All Companies  
Excluding 11th Preceding Model Year and Older Data

Average Vehicle Value Factor

| Year Ending: | Other Than Collision | Collision |
|--------------|----------------------|-----------|
| 6/30/2018    | 1.006                | 0.852     |
| 12/31/2018   | 1.018                | 0.867     |
| 6/30/2019    | 1.031                | 0.880     |
| 12/31/2019   | 1.042                | 0.889     |
| 6/30/2020    | 1.052                | 0.895     |
| 12/31/2020   | 1.058                | 0.895     |
| 6/30/2021    | 1.062                | 0.894     |
| 12/31/2021   | 1.066                | 0.896     |
| 6/30/2022    | 1.070                | 0.897     |
| 12/31/2022   | 1.076                | 0.898     |

Exponential Trend (Average Annual Change)

|                            |             |             |
|----------------------------|-------------|-------------|
| 9 Points                   | 1.3%        | 0.7%        |
| 7 Points                   | 1.0%        | 0.2%        |
| 5 Points                   | 0.8%        | 0.2%        |
| Selected Annual VVF Trend: | <b>0.8%</b> | <b>0.2%</b> |

\* Excludes Massachusetts

VERISK

Multistate\*  
 Private Passenger Types  
 Physical Damage  
 Vehicle Value Factor Trend Calculation

Companies Not Reporting Age Code X Data

Average Vehicle Value Factor

| Year Ending: | Other Than Collision | Collision |
|--------------|----------------------|-----------|
| 6/30/2019    | 0.959                | 0.853     |
| 12/31/2019   | 0.978                | 0.860     |
| 6/30/2020    | 0.981                | 0.857     |
| 12/31/2020   | 0.982                | 0.854     |
| 6/30/2021    | 0.986                | 0.860     |
| 12/31/2021   | 0.999                | 0.875     |
| 6/30/2022    | 1.014                | 0.885     |
| 12/31/2022   | 1.022                | 0.879     |

Exponential Trend (Average Annual Change)

|          |      |      |
|----------|------|------|
| 8 Points | 1.6% | 1.0% |
| 6 Points | 1.8% | 1.4% |
| 4 Points | 2.5% | 1.6% |

\* Excludes Massachusetts

VERISK

Multistate\*  
Private Passenger Types  
Physical Damage  
Vehicle Value Factor Trend Calculation

All Companies  
Excluding 11th Preceding Model Year and Older Data

Average Vehicle Value Factor

| Year Ending: | Other Than Collision | Collision |
|--------------|----------------------|-----------|
| 6/30/2018    | 1.033                | 0.932     |
| 12/31/2018   | 1.046                | 0.937     |
| 6/30/2019    | 1.056                | 0.941     |
| 12/31/2019   | 1.066                | 0.945     |
| 6/30/2020    | 1.080                | 0.953     |
| 12/31/2020   | 1.094                | 0.958     |
| 6/30/2021    | 1.110                | 0.963     |
| 12/31/2021   | 1.126                | 0.969     |
| 6/30/2022    | 1.137                | 0.973     |
| 12/31/2022   | 1.147                | 0.977     |

Exponential Trend (Average Annual Change)

|                            |             |             |
|----------------------------|-------------|-------------|
| 9 Points                   | 2.5%        | 1.1%        |
| 7 Points                   | 2.5%        | 1.1%        |
| 5 Points                   | 2.4%        | 1.0%        |
| Selected Annual VVF Trend: | <b>2.5%</b> | <b>1.1%</b> |

\* Excludes Massachusetts



## VERISK

MONTANA  
Automobile Liability Insurance - Trucks, Tractors and Trailers  
Loss Development  
Incurred Losses and Expenses  
Bodily Injury

| Accident                           | \$100,000 Basic Limit |                  |                  | Loss Development Factors |               |
|------------------------------------|-----------------------|------------------|------------------|--------------------------|---------------|
| Year                               |                       |                  |                  | 15 to 27                 | 27 to 39      |
| <u>Ending</u>                      | <u>15 Months</u>      | <u>27 Months</u> | <u>39 Months</u> | <u>Months</u>            | <u>Months</u> |
| 12/31/2011                         | 2,095,438             | 2,548,544        | 2,462,650        | 1.216                    | 0.966         |
| 12/31/2012                         | 1,279,428             | 1,490,044        | 1,690,375        | 1.165                    | 1.134         |
| 12/31/2013                         | 1,420,808             | 1,821,667        | 1,767,926        | 1.282                    | 0.970         |
| 12/31/2014                         | 1,784,087             | 1,901,950        | 2,000,432        | 1.066                    | 1.052         |
| 12/31/2015                         | 1,649,520             | 2,163,739        | 2,322,827        | 1.312                    | 1.074         |
| 12/31/2016                         | 1,511,845             | 2,025,969        | 2,160,387        | 1.340                    | 1.066         |
| 12/31/2017                         | 1,655,349             | 2,138,296        | 2,275,859        | 1.292                    | 1.064         |
| 12/31/2018                         | 1,741,701             | 2,126,876        | 2,359,071        | 1.221                    | 1.109         |
| 12/31/2019                         | 1,894,918             | 2,554,989        | 2,580,144        | 1.348                    | 1.010         |
| 12/31/2020                         | 1,887,981             | 2,219,067        | 2,361,000        | 1.175                    | 1.064         |
| 12/31/2021                         | 2,282,294             | 2,458,519        |                  | 1.077                    |               |
| 12/31/2022                         | 1,796,853             |                  |                  |                          |               |
| (1) Average Factor (Best 3 of 5) : |                       |                  | (A) State        | 1.229                    | 1.065         |
|                                    |                       |                  | (B) Multistate   | 1.285                    | 1.130         |
| (2) Credibility                    |                       |                  |                  | 0.710                    | 0.390         |
| (3) Credibility Weighted Factors   |                       |                  |                  | 1.245                    | 1.105         |

## Property Damage

| Accident                           | \$100,000 Basic Limit |                  |                  | Loss Development Factors |               |
|------------------------------------|-----------------------|------------------|------------------|--------------------------|---------------|
| Year                               |                       |                  |                  | 15 to 27                 | 27 to 39      |
| <u>Ending</u>                      | <u>15 Months</u>      | <u>27 Months</u> | <u>39 Months</u> | <u>Months</u>            | <u>Months</u> |
| 12/31/2011                         | 2,019,588             | 2,091,255        | 2,091,526        | 1.035                    | 1.000         |
| 12/31/2012                         | 2,167,133             | 2,200,611        | 2,208,218        | 1.015                    | 1.003         |
| 12/31/2013                         | 2,478,344             | 2,483,916        | 2,506,496        | 1.002                    | 1.009         |
| 12/31/2014                         | 2,138,139             | 2,323,447        | 2,340,841        | 1.087                    | 1.007         |
| 12/31/2015                         | 1,953,817             | 2,124,184        | 2,108,212        | 1.087                    | 0.992         |
| 12/31/2016                         | 2,396,270             | 2,410,365        | 2,395,827        | 1.006                    | 0.994         |
| 12/31/2017                         | 2,386,449             | 2,351,597        | 2,371,924        | 0.985                    | 1.009         |
| 12/31/2018                         | 2,818,047             | 2,809,285        | 2,814,188        | 0.997                    | 1.002         |
| 12/31/2019                         | 2,832,566             | 2,941,666        | 2,952,829        | 1.039                    | 1.004         |
| 12/31/2020                         | 2,551,798             | 2,560,630        | 2,573,293        | 1.003                    | 1.005         |
| 12/31/2021                         | 3,184,414             | 3,339,459        |                  | 1.049                    |               |
| 12/31/2022                         | 3,238,680             |                  |                  |                          |               |
| (1) Average Factor (Best 3 of 5) : |                       |                  | (A) State        | 1.013                    | 1.004         |
|                                    |                       |                  | (B) Multistate   | 1.051                    | 1.010         |
| (2) Credibility                    |                       |                  |                  | 0.850                    | 0.000         |
| (3) Credibility Weighted Factors   |                       |                  |                  | 1.019                    | 1.010         |

## Summary of Factors

|                   | Bodily<br><u>Injury</u> | Property<br><u>Damage</u> |
|-------------------|-------------------------|---------------------------|
| 39 to Ultimate ** | 1.082                   | 1.006                     |
| 27 to Ultimate    | 1.196                   | 1.016                     |
| 15 to Ultimate    | 1.489                   | 1.035                     |

\*\* Multistate factors

## VERISK

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Bodily Injury  
Tort States  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |             |             |             |             |
|----------------------------|-----------------------|-------------|-------------|-------------|-------------|
|                            | 15 Months             | 27 Months   | 39 Months   | 51 Months   | 63 Months   |
| 12/31/2011                 | 332,931,269           | 409,290,992 | 462,597,037 | 480,530,812 | 490,034,445 |
| 12/31/2012                 | 340,430,346           | 425,157,428 | 471,323,124 | 495,956,628 | 504,570,401 |
| 12/31/2013                 | 352,135,729           | 441,518,891 | 491,132,101 | 519,822,575 | 526,947,708 |
| 12/31/2014                 | 374,378,868           | 467,527,756 | 531,706,192 | 560,647,998 | 570,770,664 |
| 12/31/2015                 | 383,164,412           | 496,790,556 | 552,624,465 | 578,722,633 | 589,703,912 |
| 12/31/2016                 | 426,160,213           | 542,415,475 | 613,828,759 | 645,236,054 | 654,611,434 |
| 12/31/2017                 | 442,616,108           | 561,986,009 | 633,843,592 | 668,138,627 | 682,035,409 |
| 12/31/2018                 | 446,526,233           | 569,377,084 | 637,681,040 | 673,605,199 | 685,330,840 |
| 12/31/2019                 | 453,205,266           | 590,865,440 | 667,258,990 | 714,724,504 |             |
| 12/31/2020                 | 367,812,226           | 471,505,818 | 537,759,414 |             |             |
| 12/31/2021                 | 416,481,282           | 541,212,418 |             |             |             |
| 12/31/2022                 | 464,517,986           |             |             |             |             |

## Ratios

| Accident<br>Year<br>Ending         | 27:15 | 39:27 | 51:39 | 63:51 |
|------------------------------------|-------|-------|-------|-------|
| 12/31/2011                         | 1.229 | 1.130 | 1.039 | 1.020 |
| 12/31/2012                         | 1.249 | 1.109 | 1.052 | 1.017 |
| 12/31/2013                         | 1.254 | 1.112 | 1.058 | 1.014 |
| 12/31/2014                         | 1.249 | 1.137 | 1.054 | 1.018 |
| 12/31/2015                         | 1.297 | 1.112 | 1.047 | 1.019 |
| 12/31/2016                         | 1.273 | 1.132 | 1.051 | 1.015 |
| 12/31/2017                         | 1.270 | 1.128 | 1.054 | 1.021 |
| 12/31/2018                         | 1.275 | 1.120 | 1.056 | 1.017 |
| 12/31/2019                         | 1.304 | 1.129 | 1.071 |       |
| 12/31/2020                         | 1.282 | 1.141 |       |       |
| 12/31/2021                         | 1.299 |       |       |       |
| Average Factor:<br>( Best 3 of 5 ) | 1.285 | 1.130 | 1.054 | 1.018 |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.008 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.026 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 1.082 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 1.222 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.570 |

## VERISK

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Bodily Injury  
Tort States  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |                  |                  |                   |                   |
|----------------------------|-----------------------|------------------|------------------|-------------------|-------------------|
|                            | <u>75 Months</u>      | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
| 12/31/2011                 | 493,999,275           | 494,601,857      | 493,726,467      | 493,682,097       | 493,728,432       |
| 12/31/2012                 | 505,911,541           | 506,747,606      | 507,228,112      | 507,156,451       | 507,045,416       |
| 12/31/2013                 | 530,476,122           | 530,959,848      | 530,348,859      | 530,320,968       | 530,117,658       |
| 12/31/2014                 | 571,994,134           | 571,904,952      | 572,058,659      | 572,280,556       |                   |
| 12/31/2015                 | 592,704,961           | 595,134,651      | 596,249,050      |                   |                   |
| 12/31/2016                 | 658,132,545           | 660,010,933      |                  |                   |                   |
| 12/31/2017                 | 688,852,827           |                  |                  |                   |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 1.008        | 1.001        | 0.998        | 1.000         | 1.000          |
| 12/31/2012                         | 1.003        | 1.002        | 1.001        | 1.000         | 1.000          |
| 12/31/2013                         | 1.007        | 1.001        | 0.999        | 1.000         | 1.000          |
| 12/31/2014                         | 1.002        | 1.000        | 1.000        | 1.000         |                |
| 12/31/2015                         | 1.005        | 1.004        | 1.002        |               |                |
| 12/31/2016                         | 1.005        | 1.003        |              |               |                |
| 12/31/2017                         | 1.010        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.006        | 1.002        | 1.000        | 1.000         | 1.000          |

Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.002 |

## VERISK

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Property Damage  
Multistate  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |             |             |             |             |
|----------------------------|-----------------------|-------------|-------------|-------------|-------------|
|                            | 15 Months             | 27 Months   | 39 Months   | 51 Months   | 63 Months   |
| 12/31/2011                 | 426,724,714           | 441,170,199 | 444,166,444 | 445,358,337 | 445,203,171 |
| 12/31/2012                 | 429,235,406           | 445,467,908 | 448,680,598 | 448,978,249 | 449,633,040 |
| 12/31/2013                 | 448,997,291           | 465,630,925 | 470,820,411 | 471,891,448 | 473,024,370 |
| 12/31/2014                 | 470,406,423           | 490,770,037 | 494,843,743 | 496,442,181 | 497,204,264 |
| 12/31/2015                 | 492,360,397           | 514,525,331 | 520,350,084 | 521,169,240 | 522,470,058 |
| 12/31/2016                 | 516,253,642           | 540,148,017 | 545,404,419 | 547,721,374 | 548,115,609 |
| 12/31/2017                 | 524,772,053           | 550,971,540 | 556,143,525 | 557,434,805 | 557,750,195 |
| 12/31/2018                 | 565,583,092           | 598,238,295 | 604,832,466 | 606,315,778 | 607,184,628 |
| 12/31/2019                 | 584,196,974           | 609,349,611 | 612,890,442 | 618,620,629 |             |
| 12/31/2020                 | 431,846,076           | 451,425,730 | 461,129,416 |             |             |
| 12/31/2021                 | 514,925,361           | 568,007,345 |             |             |             |
| 12/31/2022                 | 611,912,906           |             |             |             |             |

## Ratios

| Accident<br>Year<br>Ending         | 27:15 | 39:27 | 51:39 | 63:51 |
|------------------------------------|-------|-------|-------|-------|
| 12/31/2011                         | 1.034 | 1.007 | 1.003 | 1.000 |
| 12/31/2012                         | 1.038 | 1.007 | 1.001 | 1.001 |
| 12/31/2013                         | 1.037 | 1.011 | 1.002 | 1.002 |
| 12/31/2014                         | 1.043 | 1.008 | 1.003 | 1.002 |
| 12/31/2015                         | 1.045 | 1.011 | 1.002 | 1.002 |
| 12/31/2016                         | 1.046 | 1.010 | 1.004 | 1.001 |
| 12/31/2017                         | 1.050 | 1.009 | 1.002 | 1.001 |
| 12/31/2018                         | 1.058 | 1.011 | 1.002 | 1.001 |
| 12/31/2019                         | 1.043 | 1.006 | 1.009 |       |
| 12/31/2020                         | 1.045 | 1.021 |       |       |
| 12/31/2021                         | 1.103 |       |       |       |
| Average Factor:<br>( Best 3 of 5 ) | 1.051 | 1.010 | 1.003 | 1.001 |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.002 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.003 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 1.006 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 1.016 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.068 |

## VERISK

Basic Limits Loss Development  
Trucks, Tractors and Trailers - Property Damage  
Multistate  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |                  |                  |                   |
|----------------------------|-----------------------|------------------|------------------|-------------------|
|                            | <u>75 Months</u>      | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> |
| 12/31/2011                 | 445,382,832           | 445,610,409      | 445,740,912      | 445,839,897       |
| 12/31/2012                 | 450,497,221           | 450,869,975      | 450,937,103      | 451,043,984       |
| 12/31/2013                 | 473,190,928           | 473,669,689      | 473,748,612      | 473,581,606       |
| 12/31/2014                 | 497,586,427           | 497,378,411      | 497,703,382      | 498,366,097       |
| 12/31/2015                 | 523,045,917           | 523,620,854      | 524,184,239      |                   |
| 12/31/2016                 | 548,701,587           | 549,250,827      |                  |                   |
| 12/31/2017                 | 559,234,136           |                  |                  |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> |
|------------------------------------|--------------|--------------|--------------|---------------|
| 12/31/2011                         | 1.000        | 1.001        | 1.000        | 1.000         |
| 12/31/2012                         | 1.002        | 1.001        | 1.000        | 1.000         |
| 12/31/2013                         | 1.000        | 1.001        | 1.000        | 1.000         |
| 12/31/2014                         | 1.001        | 1.000        | 1.001        | 1.001         |
| 12/31/2015                         | 1.001        | 1.001        | 1.001        |               |
| 12/31/2016                         | 1.001        | 1.001        |              |               |
| 12/31/2017                         | 1.003        |              |              |               |
| Average Factor:<br>( Best 3 of 5 ) | 1.001        | 1.001        | 1.000        | 1.000         |

Summary of Factors

|             |                                    |   |       |
|-------------|------------------------------------|---|-------|
| 111 to Ult: | (1.000)                            | = | 1.000 |
| 99 to Ult:  | (111:99) (111:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (111:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (111:Ult) | = | 1.001 |

## VERISK

MONTANA  
Automobile Liability Insurance - Private Passenger Types  
Loss Development  
Incurred Losses and Expenses  
Bodily Injury

| Accident                           | \$100,000 Basic Limit |                  |                  | Loss Development Factors |               |
|------------------------------------|-----------------------|------------------|------------------|--------------------------|---------------|
| Year                               |                       |                  |                  | 15 to 27                 | 27 to 39      |
| <u>Ending</u>                      | <u>15 Months</u>      | <u>27 Months</u> | <u>39 Months</u> | <u>Months</u>            | <u>Months</u> |
| 12/31/2011                         | 587,313               | 747,910          | 740,075          | 1.273                    | 0.990         |
| 12/31/2012                         | 782,808               | 859,050          | 784,797          | 1.097                    | 0.914         |
| 12/31/2013                         | 353,477               | 461,063          | 505,337          | 1.304                    | 1.096         |
| 12/31/2014                         | 515,208               | 468,153          | 633,806          | 0.909                    | 1.354         |
| 12/31/2015                         | 658,259               | 905,330          | 1,151,095        | 1.375                    | 1.271         |
| 12/31/2016                         | 367,998               | 627,230          | 898,125          | 1.704                    | 1.432         |
| 12/31/2017                         | 720,258               | 845,961          | 1,042,013        | 1.175                    | 1.232         |
| 12/31/2018                         | 792,951               | 903,845          | 1,239,202        | 1.140                    | 1.371         |
| 12/31/2019                         | 281,830               | 309,910          | 307,484          | 1.100                    | 0.992         |
| 12/31/2020                         | 242,382               | 233,740          | 372,333          | 0.964                    | 1.593         |
| 12/31/2021                         | 163,705               | 140,765          |                  | 0.860                    |               |
| 12/31/2022                         | 473,229               |                  |                  |                          |               |
| (1) Average Factor (Best 3 of 5) : |                       |                  | (A) State        | 1.068                    | 1.345         |
|                                    |                       |                  | (B) Multistate   | 1.256                    | 1.122         |
| (2) Credibility                    |                       |                  |                  | 0.310                    | 0.270         |
| (3) Credibility Weighted Factors   |                       |                  |                  | 1.198                    | 1.182         |

## Property Damage

| Accident                           | \$100,000 Basic Limit |                  |                  | Loss Development Factors |               |
|------------------------------------|-----------------------|------------------|------------------|--------------------------|---------------|
| Year                               |                       |                  |                  | 15 to 27                 | 27 to 39      |
| <u>Ending</u>                      | <u>15 Months</u>      | <u>27 Months</u> | <u>39 Months</u> | <u>Months</u>            | <u>Months</u> |
| 12/31/2011                         | 495,101               | 482,565          | 483,063          | 0.975                    | 1.001         |
| 12/31/2012                         | 458,706               | 481,529          | 486,353          | 1.050                    | 1.010         |
| 12/31/2013                         | 547,086               | 553,440          | 553,440          | 1.012                    | 1.000         |
| 12/31/2014                         | 524,382               | 537,708          | 547,778          | 1.025                    | 1.019         |
| 12/31/2015                         | 424,940               | 441,436          | 443,459          | 1.039                    | 1.005         |
| 12/31/2016                         | 595,439               | 529,374          | 530,397          | 0.889                    | 1.002         |
| 12/31/2017                         | 751,674               | 841,522          | 816,032          | 1.120                    | 0.970         |
| 12/31/2018                         | 628,446               | 681,047          | 681,272          | 1.084                    | 1.000         |
| 12/31/2019                         | 563,592               | 577,683          | 577,683          | 1.025                    | 1.000         |
| 12/31/2020                         | 190,123               | 206,355          | 213,224          | 1.085                    | 1.033         |
| 12/31/2021                         | 352,374               | 365,708          |                  | 1.038                    |               |
| 12/31/2022                         | 349,648               |                  |                  |                          |               |
| (1) Average Factor (Best 3 of 5) : |                       |                  | (A) State        | 1.069                    | 1.001         |
|                                    |                       |                  | (B) Multistate   | 1.046                    | 1.009         |
| (2) Credibility                    |                       |                  |                  | 0.650                    | 0.000         |
| (3) Credibility Weighted Factors   |                       |                  |                  | 1.061                    | 1.009         |

## Summary of Factors

|                   | Bodily<br><u>Injury</u> | Property<br><u>Damage</u> |
|-------------------|-------------------------|---------------------------|
| 39 to Ultimate ** | 1.083                   | 1.003                     |
| 27 to Ultimate    | 1.280                   | 1.012                     |
| 15 to Ultimate    | 1.533                   | 1.074                     |

\*\* Multistate factors

## VERISK

Basic Limits Loss Development  
Private Passenger Types - Bodily Injury  
Tort States  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |            |            |            |             |
|----------------------------|-----------------------|------------|------------|------------|-------------|
|                            | 15 Months             | 27 Months  | 39 Months  | 51 Months  | 63 Months   |
| 12/31/2011                 | 70,208,710            | 85,448,372 | 94,194,976 | 98,375,619 | 100,114,710 |
| 12/31/2012                 | 67,419,988            | 82,606,456 | 88,754,262 | 92,140,342 | 93,912,234  |
| 12/31/2013                 | 66,353,118            | 78,342,436 | 87,514,333 | 92,810,290 | 93,852,638  |
| 12/31/2014                 | 63,030,896            | 75,624,140 | 85,458,172 | 89,919,658 | 91,920,120  |
| 12/31/2015                 | 65,438,771            | 80,574,182 | 89,529,443 | 93,781,861 | 95,680,250  |
| 12/31/2016                 | 67,177,612            | 82,301,118 | 92,361,351 | 95,701,017 | 97,794,912  |
| 12/31/2017                 | 64,717,585            | 80,158,594 | 88,846,605 | 94,563,431 | 96,150,543  |
| 12/31/2018                 | 68,139,708            | 83,488,666 | 93,837,701 | 97,128,443 | 99,453,873  |
| 12/31/2019                 | 66,100,101            | 82,478,644 | 92,758,039 | 97,861,919 |             |
| 12/31/2020                 | 46,172,598            | 59,083,725 | 66,178,540 |            |             |
| 12/31/2021                 | 54,575,779            | 71,753,097 |            |            |             |
| 12/31/2022                 | 59,813,298            |            |            |            |             |

## Ratios

| Accident<br>Year<br>Ending         | 27:15 | 39:27 | 51:39 | 63:51 |
|------------------------------------|-------|-------|-------|-------|
| 12/31/2011                         | 1.217 | 1.102 | 1.044 | 1.018 |
| 12/31/2012                         | 1.225 | 1.074 | 1.038 | 1.019 |
| 12/31/2013                         | 1.181 | 1.117 | 1.061 | 1.011 |
| 12/31/2014                         | 1.200 | 1.130 | 1.052 | 1.022 |
| 12/31/2015                         | 1.231 | 1.111 | 1.047 | 1.020 |
| 12/31/2016                         | 1.225 | 1.122 | 1.036 | 1.022 |
| 12/31/2017                         | 1.239 | 1.108 | 1.064 | 1.017 |
| 12/31/2018                         | 1.225 | 1.124 | 1.035 | 1.024 |
| 12/31/2019                         | 1.248 | 1.125 | 1.055 |       |
| 12/31/2020                         | 1.280 | 1.120 |       |       |
| 12/31/2021                         | 1.315 |       |       |       |
| Average Factor:<br>( Best 3 of 5 ) | 1.256 | 1.122 | 1.046 | 1.021 |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.014 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.035 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 1.083 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 1.215 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.526 |

## VERISK

Basic Limits Loss Development  
Private Passenger Types - Bodily Injury  
Tort States  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |                  |                  |                   |                   |
|----------------------------|-----------------------|------------------|------------------|-------------------|-------------------|
|                            | <u>75 Months</u>      | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
| 12/31/2011                 | 101,025,046           | 101,339,489      | 101,852,209      | 101,895,742       | 101,917,138       |
| 12/31/2012                 | 94,331,160            | 94,380,078       | 94,550,327       | 94,557,998        | 94,560,272        |
| 12/31/2013                 | 94,220,152            | 94,315,347       | 94,171,701       | 94,271,070        | 94,252,369        |
| 12/31/2014                 | 92,856,168            | 92,979,941       | 93,257,166       | 93,458,360        |                   |
| 12/31/2015                 | 95,765,151            | 96,157,841       | 96,561,159       |                   |                   |
| 12/31/2016                 | 99,160,812            | 99,339,567       |                  |                   |                   |
| 12/31/2017                 | 97,538,521            |                  |                  |                   |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 1.009        | 1.003        | 1.005        | 1.000         | 1.000          |
| 12/31/2012                         | 1.004        | 1.001        | 1.002        | 1.000         | 1.000          |
| 12/31/2013                         | 1.004        | 1.001        | 0.998        | 1.001         | 1.000          |
| 12/31/2014                         | 1.010        | 1.001        | 1.003        | 1.002         |                |
| 12/31/2015                         | 1.001        | 1.004        | 1.004        |               |                |
| 12/31/2016                         | 1.014        | 1.002        |              |               |                |
| 12/31/2017                         | 1.014        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.009        | 1.001        | 1.003        | 1.001         | 1.000          |

Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.001 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.004 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.005 |



## VERISK

Basic Limits Loss Development  
Private Passenger Types - Property Damage  
Multistate  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |            |            |            |            |
|----------------------------|-----------------------|------------|------------|------------|------------|
|                            | 15 Months             | 27 Months  | 39 Months  | 51 Months  | 63 Months  |
| 12/31/2011                 | 81,311,086            | 83,742,169 | 84,149,788 | 84,552,438 | 84,858,982 |
| 12/31/2012                 | 81,629,522            | 84,571,191 | 85,221,660 | 85,417,902 | 85,385,517 |
| 12/31/2013                 | 80,235,862            | 83,394,801 | 84,019,542 | 84,185,470 | 84,212,768 |
| 12/31/2014                 | 78,543,546            | 82,069,473 | 82,370,491 | 82,781,457 | 82,788,125 |
| 12/31/2015                 | 82,083,580            | 85,017,193 | 85,435,004 | 85,681,138 | 85,821,604 |
| 12/31/2016                 | 86,964,596            | 90,309,749 | 90,953,867 | 90,885,026 | 91,038,338 |
| 12/31/2017                 | 83,275,613            | 87,144,277 | 88,023,559 | 88,243,376 | 88,224,636 |
| 12/31/2018                 | 87,578,009            | 91,159,285 | 91,975,587 | 92,393,129 | 92,694,212 |
| 12/31/2019                 | 83,192,036            | 87,246,748 | 87,681,456 | 87,848,939 |            |
| 12/31/2020                 | 49,849,309            | 52,032,305 | 52,786,728 |            |            |
| 12/31/2021                 | 58,844,953            | 64,496,317 |            |            |            |
| 12/31/2022                 | 72,166,271            |            |            |            |            |

## Ratios

| Accident<br>Year<br>Ending         | 27:15 | 39:27 | 51:39 | 63:51 |
|------------------------------------|-------|-------|-------|-------|
| 12/31/2011                         | 1.030 | 1.005 | 1.005 | 1.004 |
| 12/31/2012                         | 1.036 | 1.008 | 1.002 | 1.000 |
| 12/31/2013                         | 1.039 | 1.007 | 1.002 | 1.000 |
| 12/31/2014                         | 1.045 | 1.004 | 1.005 | 1.000 |
| 12/31/2015                         | 1.036 | 1.005 | 1.003 | 1.002 |
| 12/31/2016                         | 1.038 | 1.007 | 0.999 | 1.002 |
| 12/31/2017                         | 1.046 | 1.010 | 1.002 | 1.000 |
| 12/31/2018                         | 1.041 | 1.009 | 1.005 | 1.003 |
| 12/31/2019                         | 1.049 | 1.005 | 1.002 |       |
| 12/31/2020                         | 1.044 | 1.014 |       |       |
| 12/31/2021                         | 1.096 |       |       |       |
| Average Factor:<br>( Best 3 of 5 ) | 1.046 | 1.009 | 1.002 | 1.001 |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.001 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 1.003 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 1.012 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.059 |

## VERISK

Basic Limits Loss Development  
Private Passenger Types - Property Damage  
Multistate  
Incurred Losses and Expenses

| Accident<br>Year<br>Ending | \$100,000 Basic Limit |                  |                  |                   |
|----------------------------|-----------------------|------------------|------------------|-------------------|
|                            | <u>75 Months</u>      | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> |
| 12/31/2011                 | 84,943,133            | 85,007,864       | 85,007,881       | 85,007,881        |
| 12/31/2012                 | 85,471,584            | 85,429,540       | 85,432,773       | 85,431,505        |
| 12/31/2013                 | 84,213,702            | 84,223,811       | 84,271,520       | 84,267,920        |
| 12/31/2014                 | 82,807,965            | 82,840,601       | 82,876,367       | 82,924,390        |
| 12/31/2015                 | 85,820,574            | 85,836,793       | 85,947,505       |                   |
| 12/31/2016                 | 91,156,654            | 91,336,835       |                  |                   |
| 12/31/2017                 | 88,278,523            |                  |                  |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> |
|------------------------------------|--------------|--------------|--------------|---------------|
| 12/31/2011                         | 1.001        | 1.001        | 1.000        | 1.000         |
| 12/31/2012                         | 1.001        | 1.000        | 1.000        | 1.000         |
| 12/31/2013                         | 1.000        | 1.000        | 1.001        | 1.000         |
| 12/31/2014                         | 1.000        | 1.000        | 1.000        | 1.001         |
| 12/31/2015                         | 1.000        | 1.000        | 1.001        |               |
| 12/31/2016                         | 1.001        | 1.002        |              |               |
| 12/31/2017                         | 1.001        |              |              |               |
| Average Factor:<br>( Best 3 of 5 ) | 1.000        | 1.000        | 1.000        | 1.000         |

Summary of Factors

|             |                                    |   |       |
|-------------|------------------------------------|---|-------|
| 111 to Ult: | (1.000)                            | = | 1.000 |
| 99 to Ult:  | (111:99) (111:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (111:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (111:Ult) | = | 1.000 |

## VERISK

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Other than Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>15 Months</u> | <u>27 Months</u> | <u>39 Months</u> | <u>51 Months</u> | <u>63 Months</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 12/31/2011                 | 191,963,738      | 195,490,345      | 195,640,413      | 195,749,611      | 195,718,867      |
| 12/31/2012                 | 222,699,468      | 227,835,586      | 227,875,753      | 227,966,614      | 228,240,157      |
| 12/31/2013                 | 182,487,950      | 186,860,641      | 187,139,071      | 187,520,616      | 187,493,990      |
| 12/31/2014                 | 193,729,670      | 198,378,502      | 198,593,279      | 198,519,252      | 198,490,327      |
| 12/31/2015                 | 190,621,163      | 194,897,117      | 194,943,394      | 195,209,707      | 195,291,696      |
| 12/31/2016                 | 244,128,558      | 249,077,965      | 249,248,339      | 249,440,349      | 249,421,164      |
| 12/31/2017                 | 247,809,084      | 254,545,856      | 254,761,380      | 255,168,768      | 255,094,796      |
| 12/31/2018                 | 235,272,944      | 241,778,337      | 241,632,942      | 241,965,060      | 242,718,787      |
| 12/31/2019                 | 247,078,818      | 254,078,578      | 254,163,869      | 254,483,245      |                  |
| 12/31/2020                 | 247,146,834      | 254,143,533      | 254,263,108      |                  |                  |
| 12/31/2021                 | 318,376,079      | 330,933,050      |                  |                  |                  |
| 12/31/2022                 | 349,304,748      |                  |                  |                  |                  |

## Ratios

| Accident<br>Year<br>Ending         | <u>27:15</u> | <u>39:27</u> | <u>51:39</u> | <u>63:51</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| 12/31/2011                         | 1.018        | 1.001        | 1.001        | 1.000        |
| 12/31/2012                         | 1.023        | 1.000        | 1.000        | 1.001        |
| 12/31/2013                         | 1.024        | 1.001        | 1.002        | 1.000        |
| 12/31/2014                         | 1.024        | 1.001        | 1.000        | 1.000        |
| 12/31/2015                         | 1.022        | 1.000        | 1.001        | 1.000        |
| 12/31/2016                         | 1.020        | 1.001        | 1.001        | 1.000        |
| 12/31/2017                         | 1.027        | 1.001        | 1.002        | 1.000        |
| 12/31/2018                         | 1.028        | 0.999        | 1.001        | 1.003        |
| 12/31/2019                         | 1.028        | 1.000        | 1.001        |              |
| 12/31/2020                         | 1.028        | 1.000        |              |              |
| 12/31/2021                         | 1.039        |              |              |              |
| Average Factor:<br>( Best 3 of 5 ) | 1.028        | 1.000        | 1.001        | 1.000        |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.000 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 1.001 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 1.001 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.029 |

## VERISK

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Other than Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>75 Months</u> | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
|----------------------------|------------------|------------------|------------------|-------------------|-------------------|
| 12/31/2011                 | 195,695,383      | 195,570,044      | 195,556,271      | 195,564,861       | 195,538,896       |
| 12/31/2012                 | 228,214,288      | 228,277,531      | 228,278,213      | 228,287,103       | 228,271,473       |
| 12/31/2013                 | 187,546,684      | 187,577,577      | 187,565,564      | 187,543,441       | 187,538,265       |
| 12/31/2014                 | 198,473,454      | 198,464,070      | 198,462,294      | 198,463,042       |                   |
| 12/31/2015                 | 195,208,539      | 195,227,766      | 195,226,463      |                   |                   |
| 12/31/2016                 | 249,413,907      | 249,382,761      |                  |                   |                   |
| 12/31/2017                 | 255,148,981      |                  |                  |                   |                   |

## Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 1.000        | 0.999        | 1.000        | 1.000         | 1.000          |
| 12/31/2012                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2013                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2014                         | 1.000        | 1.000        | 1.000        | 1.000         |                |
| 12/31/2015                         | 1.000        | 1.000        | 1.000        |               |                |
| 12/31/2016                         | 1.000        | 1.000        |              |               |                |
| 12/31/2017                         | 1.000        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |

## Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.000 |

## VERISK

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>15 Months</u> | <u>27 Months</u> | <u>39 Months</u> | <u>51 Months</u> | <u>63 Months</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 12/31/2011                 | 431,040,312      | 422,425,159      | 420,594,094      | 420,479,718      | 420,571,549      |
| 12/31/2012                 | 433,994,982      | 427,083,000      | 425,983,359      | 425,470,779      | 425,501,053      |
| 12/31/2013                 | 467,229,828      | 458,217,797      | 456,409,852      | 457,270,457      | 456,042,416      |
| 12/31/2014                 | 523,470,287      | 514,349,427      | 511,199,873      | 510,768,086      | 510,448,846      |
| 12/31/2015                 | 567,808,301      | 553,185,875      | 549,639,462      | 548,573,840      | 548,601,109      |
| 12/31/2016                 | 606,497,021      | 591,425,999      | 586,392,497      | 585,828,417      | 585,751,468      |
| 12/31/2017                 | 613,390,334      | 593,445,576      | 588,727,173      | 587,556,283      | 587,381,371      |
| 12/31/2018                 | 627,331,255      | 611,466,271      | 606,686,482      | 605,891,000      | 605,879,468      |
| 12/31/2019                 | 651,170,961      | 630,509,117      | 627,696,333      | 627,553,061      |                  |
| 12/31/2020                 | 557,958,830      | 541,941,293      | 539,222,164      |                  |                  |
| 12/31/2021                 | 739,661,251      | 735,838,836      |                  |                  |                  |
| 12/31/2022                 | 871,018,172      |                  |                  |                  |                  |

## Ratios

| Accident<br>Year<br>Ending         | <u>27:15</u> | <u>39:27</u> | <u>51:39</u> | <u>63:51</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| 12/31/2011                         | 0.980        | 0.996        | 1.000        | 1.000        |
| 12/31/2012                         | 0.984        | 0.997        | 0.999        | 1.000        |
| 12/31/2013                         | 0.981        | 0.996        | 1.002        | 0.997        |
| 12/31/2014                         | 0.983        | 0.994        | 0.999        | 0.999        |
| 12/31/2015                         | 0.974        | 0.994        | 0.998        | 1.000        |
| 12/31/2016                         | 0.975        | 0.991        | 0.999        | 1.000        |
| 12/31/2017                         | 0.967        | 0.992        | 0.998        | 1.000        |
| 12/31/2018                         | 0.975        | 0.992        | 0.999        | 1.000        |
| 12/31/2019                         | 0.968        | 0.996        | 1.000        |              |
| 12/31/2020                         | 0.971        | 0.995        |              |              |
| 12/31/2021                         | 0.995        |              |              |              |
| Average Factor:<br>( Best 3 of 5 ) | 0.971        | 0.993        | 0.999        | 1.000        |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.000 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 0.999 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 0.992 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.963 |

## VERISK

Physical Damage Loss Development  
Trucks, Tractors and Trailers - Collision  
Multistate  
Paid Losses

| Accident<br>Year<br><u>Ending</u> | <u>75 Months</u> | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
|-----------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| 12/31/2011                        | 420,543,721      | 420,545,147      | 420,518,120      | 420,510,743       | 420,486,105       |
| 12/31/2012                        | 425,465,569      | 425,391,934      | 425,122,018      | 425,094,483       | 425,073,874       |
| 12/31/2013                        | 455,944,239      | 455,900,535      | 455,901,219      | 455,896,594       | 455,877,276       |
| 12/31/2014                        | 510,442,457      | 510,445,404      | 510,963,823      | 510,942,917       |                   |
| 12/31/2015                        | 548,627,941      | 548,488,959      | 548,436,197      |                   |                   |
| 12/31/2016                        | 585,706,655      | 585,655,909      |                  |                   |                   |
| 12/31/2017                        | 587,285,300      |                  |                  |                   |                   |

Ratios

| Accident<br>Year<br><u>Ending</u>  | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2012                         | 1.000        | 1.000        | 0.999        | 1.000         | 1.000          |
| 12/31/2013                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2014                         | 1.000        | 1.000        | 1.001        | 1.000         |                |
| 12/31/2015                         | 1.000        | 1.000        | 1.000        |               |                |
| 12/31/2016                         | 1.000        | 1.000        |              |               |                |
| 12/31/2017                         | 1.000        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |

Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.000 |

## VERISK

Physical Damage Loss Development  
Private Passenger Types - Other than Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>15 Months</u> | <u>27 Months</u> | <u>39 Months</u> | <u>51 Months</u> | <u>63 Months</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 12/31/2011                 | 76,549,750       | 76,589,145       | 76,433,301       | 76,475,897       | 76,475,099       |
| 12/31/2012                 | 86,957,450       | 85,807,560       | 85,812,956       | 85,847,774       | 85,874,453       |
| 12/31/2013                 | 63,266,877       | 63,757,874       | 63,970,476       | 64,007,206       | 63,996,120       |
| 12/31/2014                 | 66,795,716       | 67,742,635       | 67,873,745       | 67,840,065       | 67,878,299       |
| 12/31/2015                 | 58,790,911       | 59,491,078       | 59,386,508       | 59,368,234       | 59,372,820       |
| 12/31/2016                 | 72,264,496       | 73,035,406       | 73,012,493       | 72,968,582       | 72,964,141       |
| 12/31/2017                 | 82,320,503       | 82,881,385       | 83,065,532       | 82,706,899       | 82,805,254       |
| 12/31/2018                 | 64,583,617       | 65,528,498       | 65,418,519       | 65,364,406       | 65,261,006       |
| 12/31/2019                 | 66,293,028       | 67,714,356       | 67,603,481       | 67,585,304       |                  |
| 12/31/2020                 | 61,522,688       | 62,066,999       | 62,142,172       |                  |                  |
| 12/31/2021                 | 78,212,030       | 80,306,732       |                  |                  |                  |
| 12/31/2022                 | 86,459,902       |                  |                  |                  |                  |

## Ratios

| Accident<br>Year<br>Ending         | <u>27:15</u> | <u>39:27</u> | <u>51:39</u> | <u>63:51</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| 12/31/2011                         | 1.001        | 0.998        | 1.001        | 1.000        |
| 12/31/2012                         | 0.987        | 1.000        | 1.000        | 1.000        |
| 12/31/2013                         | 1.008        | 1.003        | 1.001        | 1.000        |
| 12/31/2014                         | 1.014        | 1.002        | 1.000        | 1.001        |
| 12/31/2015                         | 1.012        | 0.998        | 1.000        | 1.000        |
| 12/31/2016                         | 1.011        | 1.000        | 0.999        | 1.000        |
| 12/31/2017                         | 1.007        | 1.002        | 0.996        | 1.001        |
| 12/31/2018                         | 1.015        | 0.998        | 0.999        | 0.998        |
| 12/31/2019                         | 1.021        | 0.998        | 1.000        |              |
| 12/31/2020                         | 1.009        | 1.001        |              |              |
| 12/31/2021                         | 1.027        |              |              |              |
| Average Factor:<br>( Best 3 of 5 ) | 1.015        | 1.000        | 0.999        | 1.000        |

## Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.000 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 0.999 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 0.999 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 1.014 |

## VERISK

Physical Damage Loss Development  
Private Passenger Types - Other than Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>75 Months</u> | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
|----------------------------|------------------|------------------|------------------|-------------------|-------------------|
| 12/31/2011                 | 76,487,766       | 76,487,470       | 76,476,975       | 76,481,992        | 76,481,992        |
| 12/31/2012                 | 85,918,669       | 85,917,183       | 85,889,409       | 85,890,636        | 85,875,023        |
| 12/31/2013                 | 64,004,930       | 64,016,013       | 64,014,467       | 64,008,708        | 64,007,808        |
| 12/31/2014                 | 67,883,071       | 67,884,762       | 67,883,413       | 67,882,658        |                   |
| 12/31/2015                 | 59,375,368       | 59,435,971       | 59,435,427       |                   |                   |
| 12/31/2016                 | 72,964,115       | 72,963,731       |                  |                   |                   |
| 12/31/2017                 | 82,813,854       |                  |                  |                   |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2012                         | 1.001        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2013                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2014                         | 1.000        | 1.000        | 1.000        | 1.000         |                |
| 12/31/2015                         | 1.000        | 1.001        | 1.000        |               |                |
| 12/31/2016                         | 1.000        | 1.000        |              |               |                |
| 12/31/2017                         | 1.000        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |

Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.000 |



## VERISK

Physical Damage Loss Development  
Private Passenger Types - Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>15 Months</u> | <u>27 Months</u> | <u>39 Months</u> | <u>51 Months</u> | <u>63 Months</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| 12/31/2011                 | 170,834,124      | 163,321,673      | 162,755,781      | 162,556,308      | 162,527,556      |
| 12/31/2012                 | 173,506,561      | 166,662,563      | 166,001,001      | 165,842,810      | 165,780,527      |
| 12/31/2013                 | 178,131,016      | 170,344,335      | 169,201,124      | 169,396,425      | 169,362,944      |
| 12/31/2014                 | 187,008,327      | 178,933,706      | 178,877,800      | 178,663,238      | 178,604,955      |
| 12/31/2015                 | 198,862,515      | 188,775,199      | 187,250,790      | 186,822,839      | 186,718,743      |
| 12/31/2016                 | 203,614,578      | 194,141,708      | 192,549,814      | 192,222,790      | 192,152,505      |
| 12/31/2017                 | 192,415,486      | 183,262,354      | 181,770,397      | 181,524,943      | 181,453,332      |
| 12/31/2018                 | 197,366,298      | 187,117,935      | 186,094,984      | 185,934,090      | 185,815,623      |
| 12/31/2019                 | 207,430,315      | 196,801,291      | 196,089,925      | 196,001,281      |                  |
| 12/31/2020                 | 150,475,850      | 143,090,739      | 142,049,364      |                  |                  |
| 12/31/2021                 | 196,216,919      | 189,374,469      |                  |                  |                  |
| 12/31/2022                 | 218,619,427      |                  |                  |                  |                  |

Ratios

| Accident<br>Year<br>Ending         | <u>27:15</u> | <u>39:27</u> | <u>51:39</u> | <u>63:51</u> |
|------------------------------------|--------------|--------------|--------------|--------------|
| 12/31/2011                         | 0.956        | 0.997        | 0.999        | 1.000        |
| 12/31/2012                         | 0.961        | 0.996        | 0.999        | 1.000        |
| 12/31/2013                         | 0.956        | 0.993        | 1.001        | 1.000        |
| 12/31/2014                         | 0.957        | 1.000        | 0.999        | 1.000        |
| 12/31/2015                         | 0.949        | 0.992        | 0.998        | 0.999        |
| 12/31/2016                         | 0.953        | 0.992        | 0.998        | 1.000        |
| 12/31/2017                         | 0.952        | 0.992        | 0.999        | 1.000        |
| 12/31/2018                         | 0.948        | 0.995        | 0.999        | 0.999        |
| 12/31/2019                         | 0.949        | 0.996        | 1.000        |              |
| 12/31/2020                         | 0.951        | 0.993        |              |              |
| 12/31/2021                         | 0.965        |              |              |              |
| Average Factor:<br>( Best 3 of 5 ) | 0.951        | 0.993        | 0.999        | 1.000        |

Summary of Factors

|            |  |       |
|------------|--|-------|
| 63 to Ult: | (75:63) (75:Ult) =                                 | 1.000 |
| 51 to Ult: | (63:51) (75:63) (75:Ult) =                         | 1.000 |
| 39 to Ult: | (51:39) (63:51) (75:63) (75:Ult) =                 | 0.999 |
| 27 to Ult: | (39:27) (51:39) (63:51) (75:63) (75:Ult) =         | 0.992 |
| 15 to Ult: | (27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) = | 0.943 |

## VERISK

Physical Damage Loss Development  
Private Passenger Types - Collision  
Multistate  
Paid Losses

| Accident<br>Year<br>Ending | <u>75 Months</u> | <u>87 Months</u> | <u>99 Months</u> | <u>111 Months</u> | <u>123 Months</u> |
|----------------------------|------------------|------------------|------------------|-------------------|-------------------|
| 12/31/2011                 | 162,443,284      | 162,427,165      | 162,412,639      | 162,397,504       | 162,378,834       |
| 12/31/2012                 | 165,729,771      | 165,701,356      | 165,676,167      | 165,657,999       | 165,645,331       |
| 12/31/2013                 | 169,315,995      | 169,292,243      | 169,225,698      | 169,211,474       | 169,195,390       |
| 12/31/2014                 | 178,761,841      | 178,777,764      | 178,568,653      | 178,559,607       |                   |
| 12/31/2015                 | 186,756,064      | 186,689,759      | 186,656,948      |                   |                   |
| 12/31/2016                 | 192,091,379      | 192,112,161      |                  |                   |                   |
| 12/31/2017                 | 181,403,380      |                  |                  |                   |                   |

Ratios

| Accident<br>Year<br>Ending         | <u>75:63</u> | <u>87:75</u> | <u>99:87</u> | <u>111:99</u> | <u>123:111</u> |
|------------------------------------|--------------|--------------|--------------|---------------|----------------|
| 12/31/2011                         | 0.999        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2012                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2013                         | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |
| 12/31/2014                         | 1.001        | 1.000        | 0.999        | 1.000         |                |
| 12/31/2015                         | 1.000        | 1.000        | 1.000        |               |                |
| 12/31/2016                         | 1.000        | 1.000        |              |               |                |
| 12/31/2017                         | 1.000        |              |              |               |                |
| Average Factor:<br>( Best 3 of 5 ) | 1.000        | 1.000        | 1.000        | 1.000         | 1.000          |

Summary of Factors

|             |  |   |       |
|-------------|--|---|-------|
| 123 to Ult: | (1.000)                                      | = | 1.000 |
| 111 to Ult: | (123:111) (123:Ult)                          | = | 1.000 |
| 99 to Ult:  | (111:99) (123:111) (123:Ult)                 | = | 1.000 |
| 87 to Ult:  | (99:87) (111:99) (123:111) (123:Ult)         | = | 1.000 |
| 75 to Ult:  | (87:75) (99:87) (111:99) (123:111) (123:Ult) | = | 1.000 |

VERISK

|     |  |  |
|-----|--|--|
| (1) | <b>Public Automobiles Liability</b>  | Differentials to<br>Base Loss Cost<br>CSL Liab |
|     | Taxis & Limos  | 4.02   |
|     | School and Church Buses  | 0.38   |
|     | Other Buses  | 3.16   |
|     | Van Pools  | 0.95   |
|     |  |  |
| (2) | <b>Public Automobiles Physical Damage</b>  |  |
|     | Taxis, Limos and Van Pools   |  |
|     | Other Than Collision:  | 1.52   |
|     | Collision  | 2.25   |
|     | School, Church, and Other Buses  |  |
|     | Other Than Collision:  | 0.68   |
|     | Collision  | 0.63   |
|     |  |  |
| (3) | <b>Medical Payments Relativities</b>   | <u>EXHIBIT C19</u>                             |
|     |  |  |
| (4) | <b>Specified Cause of Loss Relativity</b>  | 0.576  |
|     | This factor is used for Trucks, Tractors, & Trailers<br>and Private Passenger Types.   |  |
|     |  |  |
| (5) | The loss cost for hired autos is set forth in Section D.   |  |
|     | It applies in all territories and is calculated as 0.25% of the statewide \$100,000<br>Combined Single Limit average loss cost for all Trucks, Tractors, & Trailers. |  |
|     |  |  |

VERISK

(3) Medical Payments Relativities

Territory  
101  
105  
106  
107

| Class of Business               |                            |                |                            |                            |              |
|---------------------------------|----------------------------|----------------|----------------------------|----------------------------|--------------|
| Trucks, Tractors,<br>& Trailers | Private Passenger<br>Types | Other<br>Buses | School and<br>Church Buses | Taxicabs and<br>Limousines | Van<br>Pools |
| <u>5000</u>                     | <u>5000</u>                | <u>5000</u>    | <u>5000</u>                | <u>5000</u>                | <u>5000</u>  |
| 0.0231                          | 0.0318                     | 0.0625         | 0.0842                     | 0.0416                     | 0.0321       |
| 0.0300                          | 0.0318                     | 0.0696         | 0.0939                     | 0.0416                     | 0.0321       |
| 0.0313                          | 0.0318                     | 0.1198         | 0.1619                     | 0.0416                     | 0.0321       |
| 0.0204                          | 0.0318                     | 0.0569         | 0.0762                     | 0.0416                     | 0.0321       |

**COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
LOSS COST PAGES**

**MONTANA (25)  
TERRITORY 101**

| LIABILITY   | MEDICAL PAYMENTS          | PERSONAL INJURY PROTECTION |
|---|---------------------------|----------------------------|
| Limit Of Liab. \$100,000  | Limit Per Person \$5000   | Basic Limits               |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>  |                           |                            |
| \$ 308  | \$ 7                      | N/A                        |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>  |                           |                            |
| \$ 277  | \$ 9                      | N/A                        |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS –</b>  |                           |                            |
| – TAXICABS AND LIMOUSINES   |                           |                            |
| \$ 1238   | \$ 52                     | N/A                        |
| – SCHOOL AND CHURCH BUSES   |                           |                            |
| \$ 117  | \$ 10                     | N/A                        |
| – OTHER BUSES   |                           |                            |
| \$ 973  | \$ 61                     | N/A                        |
| – VAN POOLS   |                           |                            |
| \$ 293  | \$ 9                      | N/A                        |
| <b>RULE 249. AUTO DEALERS – PREMIUM DEVELOPMENT</b>   |                           |                            |
| \$ 475  | Refer to Rule <b>249.</b> | N/A                        |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222.</b> for premium development.</li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232.</b> for premium development.</li> <li>• For Other Than Zone-rated Public Autos, refer to Rule <b>239.</b> for premium development.</li> <li>• For liability increased limits factors, refer to Rule <b>300.</b></li> <li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule <b>249.</b></li> </ul> |                           |                            |

COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
LOSS COST PAGES

| LIABILITY   | MEDICAL PAYMENTS          | PERSONAL INJURY PROTECTION |
|---|---------------------------|----------------------------|
| Limit Of Liab. \$100,000  | Limit Per Person \$5000   | Basic Limits               |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>  |                           |                            |
| \$ 294  | \$ 9                      | N/A                        |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>  |                           |                            |
| \$ 237  | \$ 8                      | N/A                        |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS –</b>  |                           |                            |
| <b>– TAXICABS AND LIMOUSINES</b>  |                           |                            |
| \$ 1182   | \$ 49                     | N/A                        |
| <b>– SCHOOL AND CHURCH BUSES</b>  |                           |                            |
| \$ 112  | \$ 11                     | N/A                        |
| <b>– OTHER BUSES</b>  |                           |                            |
| \$ 929  | \$ 65                     | N/A                        |
| <b>– VAN POOLS</b>  |                           |                            |
| \$ 279  | \$ 9                      | N/A                        |
| <b>RULE 249. AUTO DEALERS – PREMIUM DEVELOPMENT</b>   |                           |                            |
| \$ 371  | Refer to Rule <b>249.</b> | N/A                        |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222.</b> for premium development.</li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232.</b> for premium development.</li> <li>• For Other Than Zone-rated Public Autos, refer to Rule <b>239. for premium development.</b></li> <li>• For liability increased limits factors, refer to Rule <b>300.</b></li> <li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule <b>249.</b></li> </ul> |                           |                            |

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**MONTANA (25)  
TERRITORY 106**

| LIABILITY   | MEDICAL PAYMENTS          | PERSONAL INJURY PROTECTION |
|---|---------------------------|----------------------------|
| Limit Of Liab. \$100,000  | Limit Per Person \$5000   | Basic Limits               |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>  |                           |                            |
| \$ 162  | \$ 5                      | N/A                        |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>  |                           |                            |
| \$ 178  | \$ 6                      | N/A                        |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS –</b>  |                           |                            |
| <b>– TAXICABS AND LIMOUSINES</b>  |                           |                            |
| \$ 651  | \$ 27                     | N/A                        |
| <b>– SCHOOL AND CHURCH BUSES</b>  |                           |                            |
| \$ 62   | \$ 10                     | N/A                        |
| <b>– OTHER BUSES</b>  |                           |                            |
| \$ 512  | \$ 61                     | N/A                        |
| <b>– VAN POOLS</b>  |                           |                            |
| \$ 154  | \$ 5                      | N/A                        |
| <b>RULE 249. AUTO DEALERS – PREMIUM DEVELOPMENT</b>   |                           |                            |
| \$ 196  | Refer to Rule <b>249.</b> | N/A                        |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222.</b> for premium development.</li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232.</b> for premium development.</li> <li>• For Other Than Zone-rated Public Autos, refer to Rule <b>239.</b> for premium development.</li> <li>• For liability increased limits factors, refer to Rule <b>300.</b></li> <li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule <b>249.</b></li> </ul> |                           |                            |

COMMERCIAL LINES MANUAL  
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| LIABILITY   | MEDICAL PAYMENTS          | PERSONAL INJURY PROTECTION |
|---|---------------------------|----------------------------|
| Limit Of Liab. \$100,000  | Limit Per Person \$5000   | Basic Limits               |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>  |                           |                            |
| \$ 436  | \$ 9                      | N/A                        |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>  |                           |                            |
| \$ 420  | \$ 13                     | N/A                        |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS –</b>  |                           |                            |
| <b>– TAXICABS AND LIMOUSINES</b>  |                           |                            |
| \$ 1753   | \$ 73                     | N/A                        |
| <b>– SCHOOL AND CHURCH BUSES</b>  |                           |                            |
| \$ 166  | \$ 13                     | N/A                        |
| <b>– OTHER BUSES</b>  |                           |                            |
| \$ 1378   | \$ 78                     | N/A                        |
| <b>– VAN POOLS</b>  |                           |                            |
| \$ 414  | \$ 13                     | N/A                        |
| <b>RULE 249. AUTO DEALERS – PREMIUM DEVELOPMENT</b>   |                           |                            |
| \$ 574  | Refer to Rule <b>249.</b> | N/A                        |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222.</b> for premium development.</li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232.</b> for premium development.</li> <li>• For Other Than Zone-rated Public Autos, refer to Rule <b>239.</b> for premium development.</li> <li>• For liability increased limits factors, refer to Rule <b>300.</b></li> <li>• Other Than Auto losses for Auto Dealers risks are subject to an aggregate limit equal to three times the liability limit. For additional limits, refer to Rule <b>249.</b></li> </ul> |                           |                            |



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**MONTANA (25)  
TERRITORY 101**

| <b>PHYSICAL DAMAGE</b><br><b>Original Cost New Range</b><br><b>\$25,000 – 29,999</b>   |   |              |                                 |
|--|---|--------------|---------------------------------|
|  | <b>Specified<br/>Causes<br/>Of Loss</b> | <b>Comp.</b> | <b>\$500<br/>Ded.<br/>Coll.</b> |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b><br>– Local And Intermediate – All Vehicles<br>– Long Distance – Light Trucks And Trailers Used With Light Trucks  |   |              |                                 |
|  | \$ 132                                  | \$ 229       | \$ 405                          |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>   |   |              |                                 |
|  | \$ 179                                  | \$ 310       | \$ 310                          |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS</b><br>– TAXICABS AND LIMOUSINES  |   |              |                                 |
|  | \$ 201                                  | \$ 348       | \$ 911                          |
| – SCHOOL AND CHURCH BUSES  | \$ 90                                   | \$ 156       | \$ 255                          |
| – OTHER BUSES  | \$ 90                                   | \$ 156       | \$ 255                          |
| – VAN POOLS  | \$ 201                                  | \$ 348       | \$ 911                          |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222. for premium development.</b></li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232. for premium development.</b></li> <li>• For Other Than Zone-rated Publics Autos, refer to Rule <b>239. for premium development.</b></li> <li>• For Deductible factors, refer to Rule <b>298.</b></li> <li>• For Vehicle Value factors, refer to Rule <b>301.</b></li> </ul> |   |              |                                 |

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| PHYSICAL DAMAGE<br>Original Cost New Range<br>\$25,000 – 29,999  |                                |        |                        |
|--|--------------------------------|--------|------------------------|
|  | Specified<br>Causes<br>Of Loss | Comp.  | \$500<br>Ded.<br>Coll. |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>   |                                |        |                        |
| – Local And Intermediate – All Vehicles  |                                |        |                        |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks   |                                |        |                        |
|  | \$ 137                         | \$ 237 | \$ 439                 |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>   |                                |        |                        |
|  | \$ 177                         | \$ 307 | \$ 417                 |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS</b>   |                                |        |                        |
| – TAXICABS AND LIMOUSINES  |                                |        |                        |
|  | \$ 208                         | \$ 360 | \$ 988                 |
| – SCHOOL AND CHURCH BUSES  |                                |        |                        |
|  | \$ 93                          | \$ 161 | \$ 277                 |
| – OTHER BUSES  |                                |        |                        |
|  | \$ 93                          | \$ 161 | \$ 277                 |
| – VAN POOLS  |                                |        |                        |
|  | \$ 208                         | \$ 360 | \$ 988                 |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222. for premium development.</b></li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232. for premium development.</b></li> <li>• For Other Than Zone-rated Publics Autos, refer to Rule <b>239. for premium development.</b></li> <li>• For Deductible factors, refer to Rule <b>298.</b></li> <li>• For Vehicle Value factors, refer to Rule <b>301.</b></li> </ul> |                                |        |                        |

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**MONTANA (25)  
TERRITORY 106**

| <b>PHYSICAL DAMAGE</b><br><b>Original Cost New Range</b><br><b>\$25,000 – 29,999</b>   |                                |        |                        |
|--|--------------------------------|--------|------------------------|
|  | Specified<br>Causes<br>Of Loss | Comp.  | \$500<br>Ded.<br>Coll. |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>   |                                |        |                        |
| – Local And Intermediate – All Vehicles  |                                |        |                        |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks   |                                |        |                        |
|  | \$ 251                         | \$ 435 | \$ 414                 |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>   |                                |        |                        |
|  | \$ 298                         | \$ 518 | \$ 354                 |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS</b>   |                                |        |                        |
| – TAXICABS AND LIMOUSINES  |                                |        |                        |
|  | \$ 382                         | \$ 661 | \$ 932                 |
| – SCHOOL AND CHURCH BUSES  |                                |        |                        |
|  | \$ 171                         | \$ 296 | \$ 261                 |
| – OTHER BUSES  |                                |        |                        |
|  | \$ 171                         | \$ 296 | \$ 261                 |
| – VAN POOLS  |                                |        |                        |
|  | \$ 382                         | \$ 661 | \$ 932                 |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222. for premium development.</b></li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232. for premium development.</b></li> <li>• For Other Than Zone-rated Publics Autos, refer to Rule <b>239. for premium development.</b></li> <li>• For Deductible factors, refer to Rule <b>298.</b></li> <li>• For Vehicle Value factors, refer to Rule <b>301.</b></li> </ul> |                                |        |                        |

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| PHYSICAL DAMAGE<br>Original Cost New Range<br>\$25,000 – 29,999  |                                |        |                        |
|--|--------------------------------|--------|------------------------|
|  | Specified<br>Causes<br>Of Loss | Comp.  | \$500<br>Ded.<br>Coll. |
| <b>RULE 223. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS</b>   |                                |        |                        |
| – Local And Intermediate – All Vehicles  |                                |        |                        |
| – Long Distance – Light Trucks And Trailers Used With Light Trucks   |                                |        |                        |
|  | \$ 188                         | \$ 327 | \$ 471                 |
| <b>RULE 232. PRIVATE PASSENGER TYPES CLASSIFICATIONS</b>   |                                |        |                        |
|  | \$ 224                         | \$ 389 | \$ 483                 |
| <b>RULE 240. PUBLIC AUTO CLASSIFICATIONS</b>   |                                |        |                        |
| – TAXICABS AND LIMOUSINES  |                                |        |                        |
|  | \$ 286                         | \$ 497 | \$ 1060                |
| – SCHOOL AND CHURCH BUSES  |                                |        |                        |
|  | \$ 128                         | \$ 222 | \$ 297                 |
| – OTHER BUSES  |                                |        |                        |
|  | \$ 128                         | \$ 222 | \$ 297                 |
| – VAN POOLS  |                                |        |                        |
|  | \$ 286                         | \$ 497 | \$ 1060                |
| <ul style="list-style-type: none"> <li>• For Other Than Zone-rated Trucks, Tractors and Trailers Classifications, refer to Rule <b>222. for premium development.</b></li> <li>• For Private Passenger Types Classifications, refer to Rule <b>232. for premium development.</b></li> <li>• For Other Than Zone-rated Publics Autos, refer to Rule <b>239. for premium development.</b></li> <li>• For Deductible factors, refer to Rule <b>298.</b></li> <li>• For Vehicle Value factors, refer to Rule <b>301.</b></li> </ul> |                                |        |                        |

290. HIRED AUTOS

| Cost Of Hire Basis – All Territories<br>Liability Base Loss Cost |
|--|
| \$ 0.48  |

Table 290.B.3.a.(1)(LC) Cost Of Hire Basis Liability Loss Cost

| Coverage                    | All Perils<br>Deductible | Loss Cost Per<br>Each \$100<br>Annual Cost<br>Of Hire |
|-----------------------------|--------------------------|---|
| Comprehensive               | No Deductible            | \$ 0.45   |
|                             | \$ 50 Deductible         | 0.44  |
|                             | 100 Deductible           | 0.43  |
|                             | 250 Deductible           | 0.41  |
|                             | 500 Deductible           | 0.39  |
|                             | 1,000 Deductible         | 0.36  |
|                             | 2,000 Deductible         | 0.31  |
|                             | 3,000 Deductible         | 0.27  |
| Collision                   | 5,000 Deductible         | 0.22  |
|                             | \$ 100 Deductible        | 1.41  |
|                             | 250 Deductible           | 1.36  |
|                             | 500 Deductible           | 1.28  |
|                             | 1,000 Deductible         | 1.13  |
|                             | 2,000 Deductible         | 0.96  |
|                             | 3,000 Deductible         | 0.84  |
| Specified Causes<br>Of Loss | 5,000 Deductible         | 0.67  |
|                             | No Deductible            | 0.22  |

Table 290.C.3.a.(1)(LC) Hired Autos Physical Damage Loss Costs

## Supplementary Information – Montana

### Introduction

This document provides additional information on the attached loss cost level experience review, including:

- A summary of recent trends in Liability claim costs
- A summary of significant factors used in the development of loss cost indications and a comparison to the factors used in the prior filing that underlie the loss costs currently in effect
- A discussion of the experience underlying the loss cost level evaluation, and how it compares to the prior review
- Issues related to Commercial Auto in Montana

Statistical plan data reported to ISO is first processed through a system of rigorous automated data verification processes so that only data that would be valid is used for ratemaking. Subsequent to this initial data submission review, additional analyses involving an even more customized data review for this line was performed by staff. During these processes, various data records were excluded from the review, corrected or adjusted. Specifically, various reported exposure amounts have been adjusted prior to their use in the calculations. The ISO staff responsible for this loss cost review also reviewed the data for reasonableness.

### Trends in Liability Claim Costs

The table below shows the latest sixteen evaluations of 12-pt. paid claim cost trends.

#### Multistate Paid Claim Cost Trends

| <u>Data Through</u> | <u>\$100,000 Bodily Injury</u> | <u>\$100,000 Property Damage</u> |
|---------------------|--------------------------------|----------------------------------|
| 03/31/2019          | +5.7%                          | +4.6%                            |
| 06/30/2019          | +5.7%                          | +5.1%                            |
| 09/30/2019          | +5.7%                          | +5.5%                            |
| 12/31/2019          | +5.9%                          | +5.9%                            |
| 03/31/2020          | +6.0%                          | +6.2%                            |
| 06/30/2020          | +5.9%                          | +6.8%                            |
| 09/30/2020          | +5.7%                          | +7.3%                            |
| 12/31/2020          | +5.6%                          | +7.8%                            |
| 03/31/2021          | +5.3%                          | +8.0%                            |
| 06/30/2021          | +5.7%                          | +8.0%                            |
| 09/30/2021          | +6.3%                          | +8.2%                            |
| 12/31/2021          | +7.1%                          | +8.2%                            |
| 03/31/2022          | +7.8%                          | +8.5%                            |
| 06/30/2022          | +8.1%                          | +9.5%                            |
| 09/30/2022          | +8.4%                          | +10.6%                           |
| 12/31/2022          | +8.6%                          | +11.7%                           |

ISO believes that bodily injury claim cost trends will primarily be driven by changes in the costs of providing medical care. At times, other factors serve to reduce (or exacerbate) the claim cost trends.

## Supplementary Information – Montana

### Trends in Medical Care Costs

The table below shows the last twelve annual rates of change, based upon the CPI, for Medical Care and Hospital & Other Related Services, separately.

| <u>Period</u>                 | <u>CPI – Medical Care<br/>Annual Rate of Change<sup>1</sup></u> | <u>CPI – Hospital &amp;<br/>Other Related Services<br/>Annual Rate of Change</u> |
|-------------------------------|---|--|
| October 2011 - September 2012 | +4.1%   | +4.7%  |
| October 2012 - September 2013 | +2.4%   | +5.4%  |
| October 2013 - September 2014 | +2.0%   | +3.5%  |
| October 2014 - September 2015 | +2.5%   | +3.3%  |
| October 2015 - September 2016 | +4.9%   | +5.6%  |
| October 2016 - September 2017 | +1.6%   | +4.3%  |
| October 2017 - September 2018 | +1.7%   | +3.7%  |
| October 2018 - September 2019 | +3.5%   | +2.1%  |
| October 2019 - September 2020 | +4.2%   | +4.5%  |
| October 2020 - September 2021 | +0.4%   | +3.3%  |
| October 2021 - September 2022 | +6.0%   | +3.9%  |
| October 2022 - September 2023 | -2.6%   | +4.7%  |

### Claim Frequencies

Historically, frequency trends for Commercial Auto liability have been quite variable, have differed between Trucks, Tractors, and Trailers (TTT) and Private Passenger Types (PPT) liability classes, and have often displayed cyclical patterns. As a result, an exponential curve of the form  $Y=A(B^X)$  does not fit the data well over the long term. To reflect these characteristics and the difficulty in predicting turning points and rates of change, frequency trend is being selected to be 0% for TTT and PPT for both the Bodily Injury and Property Damage coverages.

### Claim Counts

Claim counts are now being estimated from information on the individual loss records reported to ISO, rather than the claim counts that have been reported to ISO via the statistical plans. This is being done to address company inconsistencies in interpreting ISO's claim count reporting rules.

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<sup>1</sup> Annual Rate of Change for a particular year is calculated as the CPI index for September of that year divided by the same index for September for the previous year, minus one.

## Supplementary Information – Montana

### Montana Trends

#### Liability Loss Trend

|  | Current Trends<br><u>Data through</u><br><u>12/31/2022</u> | Previous Trends<br><u>Data through</u><br><u>12/31/2021</u> |
|--|--|---|
| Montana Claim Cost Trends              |  |   |
| Bodily Injury (\$100,000 Limit)        | -6.4%  | +12.1%  |
| Property Damage (\$100,000 Limit)      | +9.5%  | +3.4%   |
| Credibility-Weighted Claim Cost Trends |  |   |
| Bodily Injury (\$100,000 Limit)        | +8.6%  | +7.1%   |
| Property Damage (\$100,000 Limit)      | +11.6%   | +7.9%   |
| Selected Claim Frequency Trends        |  |   |
| Trucks, Tractors & Trailers            |  |   |
| Bodily Injury                          | 0.0%   | 0.0%  |
| Property Damage                        | 0.0%   | 0.0%  |
| Private Passenger Types                |  |   |
| Bodily Injury                          | 0.0%   | 0.0%  |
| Property Damage                        | 0.0%   | 0.0%  |
| Selected Pure Premium Trends           |  |   |
| Trucks, Tractors & Trailers            |  |   |
| Bodily Injury (\$100,000 Limit)        | +8.6%  | +7.1%   |
| Property Damage (\$100,000 Limit)      | +11.6%   | +7.9%   |
| Private Passenger Types*               |  |   |
| Bodily Injury (\$100,000 Limit)        | +8.6%  | +7.1%   |
| Property Damage (\$100,000 Limit)      | +11.6%   | +7.9%   |

#### Liability Premium Trend

|                             | <u>Current Trends</u><br><u>Data through 12/31/2022</u> | <u>Previous Trends</u><br><u>Data through 12/31/2021</u> |
|-----------------------------|---|--|
| Trucks, Tractors & Trailers | 0.0%  | 0.4%   |
| Private Passenger Types     | -0.2%   | 0.0%   |

Montana bodily injury severity trend receives 0% weight when combined with multistate trend in the filing, property damage trend receives 5% weight.

If the prior trends were used to calculate the indicated changes in this document, the Truck, Tractors & Trailers Liability indication would have been 6.9% instead of 17.6%. For the Private Passenger Types coverage, the indication would have been 3.8% instead of 9.0%.



## Supplementary Information – Montana

### Physical Damage Loss Trend

|                             |                 | Current Trends<br><u>Data through 12/31/2022</u> | Previous Trends<br><u>Data through 12/31/2021</u> |
|-----------------------------|-----------------|--|---|
| Trucks, Tractors & Trailers | <u>Coverage</u> |  |   |
|                             | OTC             | +8.5%  | +6.0%   |
|                             | Collision       | +11.5%   | +7.0%   |
| Private Passenger Types     | OTC             | +8.0%  | +6.5%   |
|                             | Collision       | +11.0%   | +7.0%   |

### Physical Damage Premium Trend

|                             |                 | Current VVF Trends<br><u>Data through 12/31/2022</u> | Previous VVF Trends<br><u>Data through 12/31/2021</u> |
|-----------------------------|-----------------|--|---|
| Trucks, Tractors & Trailers | <u>Coverage</u> |  |   |
|                             | OTC             | +0.8%  | +1.5%   |
|                             | Collision       | +0.2%  | +2.5%   |
| Private Passenger Types     | OTC             | +2.5%  | +2.2%   |
|                             | Collision       | +1.1%  | +1.0%   |

The loss trend has increased by 2.5 points for Trucks, Tractors & Trailers OTC and has increased by 1.5 points for Private Passenger Types OTC. The premium trend has decreased by 0.7 points for Trucks, Tractors & Trailers OTC and has increased by 0.3 points for Private Passenger Types OTC. If the prior loss and premium trends were used, the Trucks, Tractors and Trailers and Private Passenger Types OTC indications in this document would have 9.9%, instead of 22.1%, and 6.5%, instead of 9.6%, respectively.

The loss trend has increased by 4.5 points for Trucks, Tractors & Trailers Collision and has increased by 4.0 points for Private Passenger Types Collision. The premium trend has decreased by 2.3 points for Trucks, Tractors, & Trailers Collision and has increased by 0.1 points for Private Passenger Types Collision. If the prior loss and premium trends were used, the Trucks, Tractors & Trailers and Private Passenger Types Collision indications in this document would have been 10.8%, instead of 34.3%, and 5.0%, instead of 15.3%, respectively.

## Supplementary Information – Montana

### Loss Development

#### Methodology

For the Trucks, Tractors & Trailers and Private Passenger Types Liability coverages, we continue to employ a credibility-weighted combination of Montana and multistate factors for the 15 to 27 month link ratios for BI and PD, and the 27 to 39 month link ratios for BI only. For all coverages, the "best three of five" link ratios have been used. Specifically, the highest and lowest link ratios from the latest five years of the experience have been removed from the calculation and the remaining three ratios are used to calculate the three-year average.

#### Factors

|                                  | <u>Current (100K)</u> | <u>Previous (100K)</u> |
|----------------------------------|-----------------------|------------------------|
| Trucks, Tractors and Trailers BI |                       |                        |
| 39 to Ultimate                   | 1.082                 | 1.080                  |
| 27 to Ultimate                   | 1.196                 | 1.189                  |
| 15 to Ultimate                   | 1.489                 | 1.508                  |
| Trucks, Tractors and Trailers PD |                       |                        |
| 39 to Ultimate                   | 1.006                 | 1.005                  |
| 27 to Ultimate                   | 1.016                 | 1.015                  |
| 15 to Ultimate                   | 1.035                 | 1.024                  |
| Private Passenger Types BI       |                       |                        |
| 39 to Ultimate                   | 1.083                 | 1.079                  |
| 27 to Ultimate                   | 1.280                 | 1.267                  |
| 15 to Ultimate                   | 1.533                 | 1.506                  |
| Private Passenger Types PD       |                       |                        |
| 39 to Ultimate                   | 1.003                 | 1.004                  |
| 27 to Ultimate                   | 1.012                 | 1.012                  |
| 15 to Ultimate                   | 1.074                 | 1.069                  |

## Supplementary Information – Montana

### **Other Factors**

Unallocated Loss Adjustment Expense factors:

|                 | <u>Data through 12/31/2021</u> | <u>Data through 12/31/2020</u> |
|-----------------|--------------------------------|--------------------------------|
| Bodily Injury   | 1.065                          | 1.070                          |
| Property Damage | 1.105                          | 1.100                          |
| Physical Damage | 1.125                          | 1.130                          |

### **Indicated vs. Filed Changes**

An overall change of 20.2% is indicated when each of the coverage indications is weighted by its respective loss cost volume. Staff will file the indications, which reflect a 9/1/2024 proposed effective date, with the following exceptions:

### **Notes**

- The Auto Dealers Liability coverage and the Auto Dealers and Garagekeepers Physical Damage coverages are not being reviewed this year.
- The high indication for Trucks, Tractors and Trailers Liability (17.6%) is due to the poor overall experience.
- The high indication for Trucks, Tractors and Trailers OTC (22.1%) is due to the poor overall experience.
- The high indication for Trucks, Tractors and Trailers Collision (34.3%) is due to the poor overall experience.
- The high indication for Private Passenger Types Liability (9.0%) is due to the poor experience in three out of five years in the review.
- The high indication for Private Passenger Types OTC (9.6%) is due to the poor experience in four out of five years in the review.
- The high indication for Private Passenger Types Collision (15.3%) is due to the poor experience in four out of five years in the review.