

LOSS COSTS – IMPLEMENTATION

SEPTEMBER 9, 2024

COMMERCIAL PROPERTY

LI-CF-2024-117

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

KEY MESSAGE

Revised advisory prospective loss costs reflecting a statewide loss cost level change of -0.3% to be implemented.

BACKGROUND

In circular [LI-CF-2024-067](#), we provided you with information about the Commercial Fire and Allied Lines loss cost level experience review.

ISO ACTION

We are implementing [CF-2024-RLA1](#), which presents a review of Commercial Fire and Allied Lines loss cost experience.

Refer to the attachment(s) for complete details.

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

CONSIDERATION OF COVID-19

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

SUPPLEMENTARY INFORMATION

We are including the following supplementary information:

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

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

EFFECTIVE DATE

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

These changes are applicable to all policies written on or after February 1, 2025.

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

IMPACT ON THE STATISTICAL REPORTING OF LOSS COST MULTIPLIER

For the purpose of reporting your company Loss Cost Multiplier under the CSP, as of February 1, 2025, the multiplier must be based on the relationship between your gross rates and the ISO advisory prospective loss costs contained in this circular.

COMPANY ACTION

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

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number [CF-2024-RLA1](#) and SERFF Tracking Number [ISOF-G134233406](#), NOT this circular number.

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

RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

POLICYHOLDER NOTIFICATION

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

REVISION DISTRIBUTION INFORMATION

- **Manual And ISO Suite**

We will issue a Notice to Manualholders with an edition date of 2-25 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

- **ProMetrix**

Revised loss costs for specifically rated and class-rated properties contained in ProMetrix will be displayed as "Pending" beginning on October 28, 2024. On February 1, 2025, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors". With each subsequent loss cost revision, we will make an additional "Prior" available. Information in ProMetrix will distinguish between loss costs which reflect the effect of limit of insurance (LOI) relativities and pre-LOI loss costs.

- **Toll-free Telephone Service**

Revised loss costs for specifically rated and class-rated properties will be available by calling toll-free 1-800-444-4554 and requesting "Pending" from October 28, 2024, to February 1, 2025. On February 1, 2025, these loss costs will move to "Current" status. The previous "Current" becomes the most recent "Prior" and joins all previously displayed "Priors".

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

RELATED RULES REVISION

We are announcing in separate circulars the implementation of corresponding rules revisions. Please refer to the Reference(s) block for identification of those circulars.

REFERENCE(S)

- [LI-CF-2024-116](#) (09/09//2024) Montana Revision And Expansion Of Deductible Insurance Plan – Rule 81. And Windstorm Or Hail Percentage Deductibles – Rule 82. To Be Implemented
- [LI-CF-2024-067](#) (06/26/2024) Commercial Fire And Allied Lines Experience Level Indications Reviewed By ISO Staff
- [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing

ATTACHMENT(S)

- CF-2024-RLA1
- PCS Catastrophe List
- Supplement containing Basic Group I experience on a Rating Group basis

FILES AVAILABLE FOR DOWNLOAD

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

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

DATA QUALITY

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

ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS

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

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

XACTWARE SOLUTIONS, INC.

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

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

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

MONTANA

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

PURPOSE

This document:

- revises advisory prospective loss costs. These loss costs represent a -0.3% statewide change from the current ISO loss costs.
- provides the analyses used to derive the prospective loss costs based on experience through calendar/accident year ending 3/31/2023, evaluated as of 6/30/2023.
- introduces Basic Group II loss cost level changes by territory.
- reflects the impact of the revised deductible factors found in related rule filing CF-2024-RDED1. The revised Basic Group I, Basic Group II, and Special Causes of Loss loss costs are being balanced so that the revised deductible factors are being implemented on a revenue neutral basis.
- revises the Basic Group I Substandard Condition Charges to reflect the effect of balancing for the revised deductible factors.

CONSIDERATION OF COVID-19

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

DEFINITION OF THE ISO PROSPECTIVE LOSS COST

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

CHANGE TO
METHODOLOGY

Basic Group II Territory Relativity Analysis

This filing introduces a Basic Group II territory relativity analysis and indications by territory to more adequately reflect the differences in expected loss experience by territory. See Exhibit B9 and the related explanatory notes for more information.

LOSS COST
LEVEL
CHANGES

The statewide monoline prospective loss cost level changes are:

<u>Coverage</u>	<u>Indicated</u>
Basic Group I	-4.8%
Basic Group II	+2.8%
Special Causes of Loss	+3.6%
Total	-0.3%

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

DEDUCTIBLE
OFF-BALANCE
FACTORS

Off-balance factors are being applied to the revised Basic Group I, Basic Group II, and Special Causes of Loss loss costs so that the revised deductible factors found in related rule filing CF-2024-RDED1 are being implemented on a revenue neutral basis.

The off-balance factors were calculated by dividing the Aggregate Loss Costs at Current Level (ALCCL) reflecting the current deductible factors by the ALCCL reflecting the revised deductible factors based on experience for Montana.

The off-balance factors applicable to Montana are:

Basic Group I	Basic Group II	Special Causes of Loss
0.977	0.895	0.929

The multistate off-balance factor applied to the Basic Group I Substandard Condition Charges is 0.975.

PRIOR ISO
REVISIONS

The latest revisions in this state are:

<u>Reference Document or Filing</u>	CF-2023-RLA1	CF-2021-RLA1
<u>Rates/ Loss Costs</u>	Loss Costs	Loss Costs
<u>Dates Implemented</u>	04/01/2024	06/01/2022
<u>Changes</u>		
Basic Group I	-1.2%	+4.7%
Basic Group II	-1.4%	+6.6%
Special Causes of Loss	+4.4%	+6.1%
Total	-0.1%	+5.6%

HISTORICAL
SOURCE DATA

The data used in this revision is:

- Voluntary experience for ISO reporting companies.
 - Five calendar/accident years ending 3/31/2023 for Basic Group I and Special Causes of Loss.
 - Ten calendar/accident years ending 3/31/2023 for Basic Group II.
-

DISTRIBUTION
OF STATEWIDE
MONOLINE
LOSS COST
CHANGES

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

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

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

TREND AND
OTHER
ADJUSTMENTS

Loss Trend

For trend purposes, the period of use for this revision is assumed to begin on 03/01/2025. To adjust the loss experience to the levels expected to prevail while the revised loss costs are in effect, trend factors have been applied to the historical incurred losses. These trend factors are based on:

- external cost indices published by the U.S. Government and information provided by Xactware Solutions, Inc.
- changes in multistate average claim costs through fourth quarter 2022.

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

<u>Coverage</u>	<u>Annual Rate of Change</u>
Buildings	6.2%
Contents	5.8%
Time Element	4.5%

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

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	-1.0%	-2.4%	1.4%
Basic Group II	0.0%	2.3%	2.5%
Special Causes of Loss	1.8%	-0.7%	1.4%

This produces a total annual loss trend of:

<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Basic Group I	5.1%	3.3%	6.0%
Basic Group II	6.2%	8.3%	7.1%
Special Causes of Loss	8.1%	5.1%	6.0%

Premium Trend

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

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

TREND AND OTHER ADJUSTMENTS (cont'd)	<u>Line of Business</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
	Basic Group I	5.9%	3.7%	2.6%
	Basic Group II	5.4%	3.3%	2.6%
	Special Causes of Loss	5.6%	2.9%	2.6%

Other Adjustments

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

TEN LARGEST COMPANY GROUPS IN ISO DATA BASE

COMMERCIAL MULTIPERIL - NON-LIABILITY (ASLOB 51)

1. Liberty Mutual Insurance Company
2. Cincinnati Insurance Company
3. Travelers Indemnity Company
4. Tokio Marine Companies
5. Nationwide Mutual Insurance Company
6. Employers Mutual Casualty Company
7. NGM Insurance Company
8. American International Group
9. Great American Insurance Company
10. QBE Insurance Corporation

Insurers are listed in descending order based on the percent of statewide written premium volume from Annual Statement Page 15 for year ending 12/31/2022 for Annual Statement Line of Business (ASLOB) 51, Commercial Multiperil - Non-liability.

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

SIZE OF ISO DATA BASE

The market share of all insurers reporting to ISO in this state and included in the ratemaking experience underlying this review as measured by Annual Statement Page 15 written premium for year ending 12/31/2022 is:

Commercial Multi-peril - Non-liability (ASLOB 51) – 33.1%

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 enable companies to make such independent judgments.

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

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

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COMMERCIAL PROPERTY

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OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

INTRODUCTION

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

STEP 1: DETERMINATION OF INDICATED STATEWIDE LOSS COST LEVEL CHANGE

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

STEP 2: DISTRIBUTION OF CHANGES

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

STEP 3: CALCULATION OF REVISED LOSS COSTS

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

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

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

EXPLANATORY NOTES TO EXHIBITS B1-B3

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

COLUMN (1)

EXPERIENCE PERIOD

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

COLUMN (2)

AGGREGATE LOSS COSTS

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

Extension of Exposures Approach

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

On-Level Approach

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

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

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

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

COLUMN (2)
(cont'd)

Current IPMF and Prospective Amount of Insurance Levels

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

COLUMN (3)

ADJUSTED INCURRED LOSSES

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

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

COLUMN (4)

EXPERIENCE RATIO

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

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

COLUMN (5) - BG I, SCL WEIGHTS

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

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

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

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

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

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

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

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

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

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

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

COMPOSITION OF THE RATEMAKING DATA BASE

DATA INCLUDED

BASIC GROUP I

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

BASIC GROUP II

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

SPECIAL CAUSES OF LOSS

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

NOTES ON DATA INCLUDED

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

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

COMPOSITION OF THE RATEMAKING DATA BASE (cont'd)

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

X indicates that experience is excluded.

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

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

STEP 2 - DISTRIBUTION OF LOSS COST LEVEL CHANGES

OBJECTIVE	<p>The objective of this procedure is to distribute the indicated statewide loss cost level change for Basic Group I, Basic Group II, and Special Causes of Loss among the various rating variables used in each subline. These procedures are used to answer the question: What percentage change for each rating variable must be made to the current ISO loss costs in order to achieve adequacy for the prospective conditions?</p> <hr/>
BASIC GROUP I	<p>For Basic Group I, a consolidated simultaneous iterative procedure is used to calculate the type of policy and territory relativities. More detail on this procedure is given in Exhibit B4. The type of policy relativities serve to price Commercial Package policies relative to monoline policies, via the Package Modification Factors (PMF), while the territory relativities serve to price the various territories relative to one another.</p> <p>The overall loss cost change is distributed across type of policy and territory. The indicated monoline change is the product of the monoline type of policy relativity, the territorial relativity, and the statewide loss cost level change.</p> <hr/>
BASIC GROUP II	<p>The purpose of the Basic Group II relativity analysis is to determine monoline loss cost level needs, to obtain marginal relativities displayed on Exhibit B8 and to price CPP policies relative to monoline policies via the PMFs. Unlike the BG I and SCL relativity analyses, the BG II relativity analysis does not employ a simultaneous review procedure because the overall loss cost change is distributed across type of policy only. The indicated statewide monoline change is the product of the monoline type of policy relativity times the statewide loss cost level change.</p> <hr/>

OVERVIEW OF ISO ACTUARIAL PROCEDURES - COMMERCIAL PROPERTY

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

SPECIAL CAUSES OF LOSS

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

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

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

EXPLANATORY NOTES TO EXHIBITS B4 AND B5

BASIC GROUP I AND SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

INTRODUCTION

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

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

COLUMN (1)

LEAST SQUARES FORMULA RELATIVITIES

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

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

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

COLUMN (1)
(Cont'd)

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

BASIC GROUP I:

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

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

SPECIAL CAUSES OF LOSS:

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

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

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

COLUMN (1)
(cont'd)

- TOP_i is the relativity for the i th type of policy;
- CAT_j is the relativity for the j th category;
- TER_k is the relativity for the k th territory;
- W_{ik} is the loss cost volume at current level for the i th type of policy and k th territory;
- R_{ij} is the experience ratio relativity for the i th type of policy and j th category (Special Causes of Loss);
- R_{ik} is the experience ratio relativity for the i th type of policy and k th territory (Basic Group I);
- m is the number of types of policy in the analysis;
- n is the number of categories in the analysis;
- t is the number of territories in the analysis.

The procedure determines m type of policy relativities using the above formulas. Then, using those results, a set of t territory relativities is determined. These steps form an iterative process which continues until there is no appreciable difference in results from one iteration to the next.

COLUMN (2)

CREDIBILITY

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

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

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

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

COLUMN (3)

CREDIBILITY-WEIGHTED RELATIVITIES

Credibility-weighted relativities are calculated based on the formula

$$W = R^Z,$$

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

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

COLUMN (4)

BALANCED RELATIVITIES

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

COLUMN (5)

INDICATED MONOLINE LOSS COST LEVEL CHANGE

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

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

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

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

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

MULTILINE CONSIDERATIONS

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

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

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

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

EXPLANATORY NOTES TO EXHIBITS B6

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

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B6 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2023 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2019 - 2023 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>RELATIVITIES</u></p> <p>The relativities are the ratios of the five-year experience ratios shown in column (3) to the average five-year experience ratio for all TOP's and territories (where applicable) combined. These relativities represent how much better or worse than average the experience for a given cell is. They are used along with the aggregate loss costs in column (1) as input for the simultaneous review procedure.</p>

EXPLANATORY NOTES TO EXHIBITS B7

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

INTRODUCTION	<p>The experience used in the relativity analysis and displayed in Exhibit B7 is the latest five accident years of data reported under the Commercial Statistical Plan. As in the overall review, loss costs have been adjusted to current ISO loss cost and prospective amount of insurance levels (with multiline aggregate loss costs adjusted additionally by the current implicit package modification factors). Incurred losses are adjusted to prospective cost levels, and are further adjusted by the Basic Group I large loss procedure and the Special Causes of Loss excess procedure. Losses have also been developed to their ultimate settlement value by application of loss development factors.</p>
COLUMN (1)	<p><u>2023 AGGREGATE LOSS COSTS</u></p> <p>The latest accident year aggregate loss costs (adjusted as described above) are used as weights both in the calculation of any totals shown in this table and in the iterative formulas used in the simultaneous review procedure.</p>
COLUMN (2)	<p><u>2019 - 2023 AGGREGATE LOSS COSTS</u></p> <p>The combined five-year adjusted aggregate loss costs (adjusted as described above) are used to calculate the experience ratios in column (3).</p>
COLUMN (3)	<p><u>FIVE-YEAR EXPERIENCE RATIOS</u></p> <p>These are the ratios of the combined five-year adjusted incurred losses (adjusted as described above) to the combined five-year adjusted aggregate loss costs as shown in column (2). Any totals which are shown are weighted averages using the adjusted aggregate loss costs in column (1).</p>
COLUMN (4)	<p><u>CREDIBILITY (Z) WEIGHTED EXPERIENCE RATIO</u></p> <p>A credibility procedure is applied to the initial experience ratios in column (3) on a cell-by-cell basis prior to the simultaneous review procedure. The credibility values are calculated using an empirical Bayesian credibility procedure. In the following discussion, cell refers to an individual combination of TOP and category.</p>

EXPLANATORY NOTES TO EXHIBITS B7 (cont'd)

COLUMN (4)
(cont'd)

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

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

COLUMN (5)

Z-WEIGHTED RELATIVITIES

The relativities are the ratios of the five-year credibility-weighted experience ratios shown in column (4) to the average five-year credibility-weighted experience ratio for all TOP's and categories combined. These relativities represent how much better or worse than average the experience for a given cell is. They are used along with the aggregate loss costs in column (1) as input for the simultaneous review procedure.

EXPLANATORY NOTES TO EXHIBIT B8

BASIC GROUP II RELATIVITY ANALYSIS

INTRODUCTION

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

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

COLUMN (1)

2023 AGGREGATE LOSS COSTS

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

COLUMN (2)

2014 - 2023 EXPERIENCE RATIO

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

COLUMN (3)

FORMULA RELATIVITY

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

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (4)

CREDIBILITY

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

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

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

COLUMN (5)

Z - WEIGHTED RELATIVITY

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

COLUMN (6)

BALANCED FORMULA RELATIVITY

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

COLUMN (7)

NORMALIZED FORMULA RELATIVITY

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

COLUMN (8)

CURRENT IMPLICIT PMF

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

EXPLANATORY NOTES TO EXHIBIT B8 (cont'd)

COLUMN (9)

INDICATED IMPLICIT PMF

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

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

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

COLUMN (10)

INDICATED LOSS COST CHANGES

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

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

MULTILINE
CONSIDERATIONS

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

EXPLANATORY NOTES TO EXHIBIT B9

DETERMINATION OF BASIC GROUP II ADVISORY LOSS COST LEVEL
CHANGES BY TERRITORY

OBJECTIVE	The purpose of this procedure is to distribute the statewide advisory Basic Group II loss cost level change to each territory.
DESCRIPTION	<p>This procedure compares the trended and developed non-hurricane losses and loss adjustment expenses by territory with the trended aggregate non-hurricane loss costs at current ISO level. The aggregate loss costs at current level are the amounts that would have been collected for non-hurricane losses and all loss adjustment expenses if the current ISO loss costs had been in effect during the experience period. This results in projected territory and statewide non-hurricane experience ratios.</p> <p>The projected territory non-hurricane experience ratio is then credibility-weighted with the statewide non-hurricane experience ratio to produce a credibility-weighted non-hurricane experience ratio for each territory. This credibility-weighted non-hurricane experience ratio is then normalized (divided by the overall state non-hurricane experience ratio). Finally, the territory credibility-weighted non-hurricane experience ratio is generally capped at 1.25 and 0.75, and buildback is applied (if applicable) to bring the overall territory relativity back to 1.00. The final result is capped indicated relative changes by territory, which then are included in the territory loss cost change calculation.</p>
COLUMN (1)	<p><u>TERRITORIES</u></p> <p>These are the current Basic Group II territories in the state.</p>
COLUMN (2)	<p><u>10-YEAR AGGREGATE LOSS COSTS</u></p> <p>These are the same aggregate loss costs used in the statewide loss cost level evaluation, but on a territory basis instead of a statewide basis.</p>
COLUMN (3)	<p><u>10-YEAR ADJUSTED INCURRED LOSSES</u></p> <p>These are the same adjusted incurred losses used in the statewide loss cost level evaluation, but on a territory basis instead of a statewide basis. An excess procedure that mirrors the statewide excess procedure is used to allocate excess losses to each territory.</p>
COLUMN (4)	<p><u>10-YEAR EXPERIENCE RATIO</u></p> <p>The experience ratio is a measure of non-hurricane experience. It is the ratio of the adjusted non-hurricane incurred losses to the non-hurricane aggregate loss costs.</p>

EXPLANATORY NOTES TO EXHIBIT B9 (Cont'd)

COLUMN (5)

EXPERIENCE RATIO CREDIBILITY

The credibility values are calculated using Bühlmann-Straub credibility procedure:

$$\hat{\sigma}^2 = E(Var(y|\alpha)) = \frac{1}{M} \sum_{i=1}^M \frac{1}{n-1} \sum_{j=1}^n w_{ij} (X_{ij} - X_i)^2$$
$$\hat{\tau}^2 = Var(E(y|\alpha)) = \max \left(0, \frac{1}{U} \left\{ \left[\frac{1}{M-1} \sum_{i=1}^M \frac{w_i}{W} (X_i - \bar{X})^2 \right] - \frac{\hat{\sigma}^2}{W} \right\} \right) \quad \text{where} \quad U = \frac{1}{(M-1)} \sum_{i=1}^M \frac{w_i}{W} \left(1 - \frac{w_i}{W} \right)$$

Experience Ratio = Adjusted Incurred Loss / (Non-Hurricane) Aggregate Loss Cost

w_{ij} = (Non-Hurricane) Aggregate Loss Cost territory i, year j

w_i = (Non-Hurricane) Aggregate Loss Cost territory i

W = State (Non-Hurricane) Aggregate Loss Cost

X_{ij} = Experience Ratio territory i, year j

X_i = Experience Ratio territory i

\bar{X} = State Experience Ratio

n, M = Number of years, territories

$$k = \frac{EVPV}{VHM} = \frac{\hat{\sigma}^2}{\hat{\tau}^2}$$

$$Z = \frac{w_i}{w_i + k}$$

As shown, the calculated credibility partially depends on two components: differences between the overall experience ratio and each territory's mean experience ratio as well as the variability of each territory's yearly experience ratios to the territory's 10 year mean experience ratio. All else being equal, if the differences between the overall experience ratio and the territory mean experience ratios increase, then the credibility will increase. All else being equal, if the variability of each territory's experience ratios increases, then the credibility will decrease.

The shown calculation of credibility also allows exposure (volume) and weight given to experience to change from year to year and territory to territory.

A zero Variance of the Hypothetical Means (VHM) implies that the credibility for this territory is zero.

COLUMN (6)

CREDIBILITY WEIGHTED EXPERIENCE RATIO

The credibility weighted territory non-hurricane experience ratio is a weighted average of the territory non-hurricane experience ratio and the statewide non-hurricane experience ratio.

EXPLANATORY NOTES TO EXHIBIT B9 (Cont'd)

COLUMN (7)

CREDIBILITY WEIGHTED LIMITED TERRITORY RELATIVITY

The normalized territory relativity is calculated as the ratio of the territory credibility-weighted experience ratio to the statewide credibility-weighted experience ratio.

This relativity is then capped at -25%/+25% (0.75, 1.25) to prevent large swings in premiums between territories.

The limited statewide overall relativity is calculated as the weighted average of the normalized limited territory relativities and the non-hurricane aggregate loss costs.

COLUMN (8)

CREDIBILITY WEIGHTED BALANCED LIMITED TERRITORY RELATIVITY

To ensure the capping of the normalized territory relativities results in a revenue neutral change for the state, i.e. that the final limited relativity for the state is 1.00, the limited territory relativities are again normalized by dividing the limited territory relativities by the limited relativity for the state, and the normalized limited territory relativities are again capped at +25% (1.25), with the capped portion redistributed to other non-capped territories.

This process is repeated until all territory relativities are capped at +25% and the resulting limited relativity for the state is 1.00.

OVERVIEW

AGGREGATE LOSS COSTS AT CURRENT LEVEL

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

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

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

ADJUSTMENTS TO LOSSES

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

CREDIBILITY

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

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

OVERVIEW (cont'd)

CREDIBILITY (cont'd)

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

LOSS COST/RATE LEVEL HISTORY

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

EXPLANATORY NOTES TO EXHIBITS C1, C2 AND C3

LOSS COST/RATE LEVEL HISTORIES

COLUMN (1) EFFECTIVE DATE

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

COLUMN (2) LOSS COST/RATE LEVEL CHANGE

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

COLUMN (3) LOSS COST/RATE LEVEL INDEX

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

COLUMN (4) WRITTEN ADJUSTMENT (ON LEVEL) FACTORS

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

COLUMN (5) WEIGHT

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

EXPLANATORY NOTES TO EXHIBIT C4

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

TERRITORY

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

EFFECTIVE DATE

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

LOSS COST/RATE LEVEL CHANGES

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

EXPLANATORY NOTES TO EXHIBIT C6

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

COLUMN (1)

EFFECTIVE DATE

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

COLUMN (2)

LOSS COST/RATE LEVEL CHANGES BY CATEGORY

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

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

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

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

IMPLICIT PACKAGE
MODIFICATION
FACTORS

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

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

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

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

IPMF CAPS

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

EXPLANATORY NOTES TO EXHIBITS C7, C8 AND C9

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

EXHIBITS C7, C8
AND C9

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

TREND PROCEDURE

INTRODUCTION

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

LOSS TREND

EXTERNAL LOSS DATA

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

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

The CCF's adjust losses for actual inflationary changes which have taken place between the accident date and the midpoint of the latest period of external trend information, i.e. 02/15/2024 for property damage and time element. The LPF's adjust losses for projected inflationary changes from the midpoint of the latest period of external trend information to the anticipated average date of accident for policies written under the proposed loss costs (assumed to be 12 months after the assumed revision date based on all one-year policies).

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

TREND PROCEDURE (cont'd)

LOSS TREND (cont'd)

LOSS TREND ADJUSTMENT - SEVERITY

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

LOSS TREND ADJUSTMENT - FREQUENCY

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

AMOUNT-OF- INSURANCE TREND

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

The application and development of these factors parallels loss trend factors in that separate factors are developed for buildings, contents, and time element, and the adjustment to prospective amount of insurance levels is done in two steps. The current written factors adjust loss costs to the amount of insurance level for the midpoint of the latest period of renewal information, i.e. July 1, 2023. Total amount of insurance trend factors are then calculated by projecting these current factors to the average date of writing (i.e. to the amount of insurance level six months beyond the assumed effective date).

EXPLANATORY NOTES TO EXHIBIT C10

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

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

EXPLANATORY NOTES TO EXHIBIT C10 (cont'd)

PART B: COMPUTATION OF THE LOSS PROJECTION FACTORS

LOSS PROJECTION
FACTOR

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

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

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

CALENDAR YEAR
AVERAGES

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

CURRENT COST
FACTORS

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

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

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

EXPLANATORY NOTES TO EXHIBIT C11

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

COLUMN (1)

COVERAGE

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

COLUMN (2)

FIVE-YEAR INCURRED LOSSES

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

COLUMN (3)

ANNUAL LTA's

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

OVERVIEW

DEVELOPMENT OF LOSS TREND ADJUSTMENTS

INTRODUCTION

In order to supplement the external indices reflected in CCF's and LPF's, loss trend adjustments (LTA's) have been developed based on internal loss data. This is necessary because the external indices alone have been insufficient in reflecting cost level and claim frequency changes in Commercial Property Insurance. The following tables show the calculations used to develop these LTA's. Please note the development of the LTA's for the 2024 COMFAL reviews is based on internal commercial property experience through 12/31/2022 and external cost indices through 12/31/2022. Therefore, the CCF's and LPF's shown on Exhibit C12 will not necessarily match those shown on Exhibit C10. ISO has determined that the selected LTAs are appropriate to be used with the latest external indices shown on Exhibit C10.

EXPLANATORY NOTES TO EXHIBIT C12

DEVELOPMENT OF LOSS TREND ADJUSTMENTS (LTA'S)

I. EXTERNAL RATE OF CHANGE

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

CURRENT COST FACTORS

The CCF's underlying the LTA analysis are based on external cost indices through 12/31/2022 for buildings, contents and time element.

COLUMNS (4)
AND (5)

WEIGHTS

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

LINES (6)

AVERAGE CURRENT COST FACTORS

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

LINE (7)

LOSS PROJECTION FACTORS

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

LINE (8)

TOTAL TREND

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

LINE (9)

EXTERNAL ANNUAL RATE OF CHANGE

The total trend is converted to an annual basis by raising it to the reciprocal of the number of years between the weighted midpoint of the experience period and the anticipated average accident date. For BG I and SCL the weighted midpoint of the experience period is 01/01/2021, for BG II it is 01/01/2018. Accordingly, there are 54 and 90 months, respectively, to the anticipated average accident date of 07/01/2025.

II. INTERNAL ANNUAL RATES OF CHANGES

LINE (10)

SELECTED COMFAL

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

EXPLANATORY NOTES TO EXHIBIT C12 (cont'd)

III. LTA CALCULATION

COLUMN (11)

ANNUAL EXTERNAL

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

COLUMN (12)

ANNUAL INTERNAL

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

COLUMN (13)

INDICATED SEVERITY LTA

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

COLUMN (14)

FORMULA SEVERITY LTA

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

COLUMN (15)

FREQUENCY EFFECT

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

COLUMN (16)

FINAL LTA

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

EXPLANATORY NOTES TO EXHIBIT C13
EXPOSURE AND PREMIUM TREND FACTORS

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

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

COLUMNS (1)
AND (5)

ANNUAL WRITTEN INCREASE

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

COLUMNS (2)
AND (6)

07/01/2023 WRITTEN FACTORS

The written factors for a given year are the product of the written annual changes for all years subsequent to that year. Although the 2023 written changes are based on two quarters of data, the consistency of this experience allows for the assumption that written changes for the first half of 2023 are applicable for the entire year.

COLUMNS (3)
AND (7)

09/01/2025 PROJECTED FACTORS

The 09/01/2025 factors are calculated by applying a factor to adjust the 07/01/2023 written factors to the amount of insurance level at the average date of writing, 09/01/2025. This is done using the selected annual changes in exposure or premium.

COLUMNS (4)
AND (8)

09/01/2025 EARNED EXPOSURES/PREMIUM FACTORS

The projected earned factors at the 09/01/2025 level (where 09/01/2025 is the average date of writing in the effective period) are calculated by earning the written factors assuming all one-year policies. The earning factors are shown in footnote (c).

EXPLANATORY NOTES TO EXHIBITS C14, C15 AND C16

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

COLUMN (1) UNADJUSTED INCURRED LOSSES

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

COLUMN (2) TRENDED INCURRED LOSSES

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

COLUMN (3) AVERAGE TREND FACTOR

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

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

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

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

LOSS DEVELOPMENT

INTRODUCTION

For Commercial Property, losses are evaluated as of June 30, 2023, three months after the end of the latest experience year used in the review. In order to account for development of losses beyond fifteen months and to reflect overall loss development patterns, loss development was incorporated into the adjustment process of incurred losses to their ultimate settlement value.

LOSS DEVELOPMENT PROCEDURES

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

The incurred losses underlying the statewide loss cost level indications were evaluated as of June 30, 2023.

Accident year ended March 31, 2023 includes all losses paid on accidents from April 1, 2022 to March 31, 2023 and all losses outstanding on those accidents as of June 30, 2023, fifteen months after the inception of the accident year. Similarly, accident years ended 2022, 2021, 2020 and 2019 include all losses paid and outstanding as of 27, 39, 51 and 63 months, respectively, after the inception of the accident year.

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

EXPLANATORY NOTES TO EXHIBIT C17

LOSS DEVELOPMENT

INTRODUCTION

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

INCURRED LOSSES

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

AGE-TO-AGE DEVELOPMENT FACTORS

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

AGE-TO-ULTIMATE DEVELOPMENT FACTORS

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

EXCESS LOSS PROCEDURES

INTRODUCTION

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

BASIC GROUP I

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

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

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

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

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

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

EXCESS LOSS PROCEDURES (cont'd)

BASIC GROUP I (cont'd)

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

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

BASIC GROUP II

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

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

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

SPECIAL CAUSES OF LOSS

Similar to Basic Group II, the Special Causes of Loss (SCL) smoothing procedure uses a loss ratio approach to reflect both the frequency and severity of unusual loss events which may produce significant fluctuations in loss cost levels. The excess procedure uses longer term statewide SCL experience (1986 - present) to account for the volatile nature of weather related losses (water damage from bursting pipes, or the weight of ice, sleet, or snow) which are the predominant cause of large SCL losses in a given experience period. A monthly normal loss ratio cutoff of 2.0 is used to define normal and excess losses. The resulting ratio of excess to normal losses over the long-term experience period is then applied to the normal losses used in the loss cost level review. SCL has a lower loss ratio cutoff than that used in Basic Group II in order to reflect the less catastrophic nature of unusual SCL loss events. The calculations underlying the smoothing procedure are described in the Explanatory Notes to Exhibit C21.

EXPLANATORY NOTES TO EXHIBIT C18

COUNTRYWIDE BASIC GROUP I EXCESS LOSS FACTORS

EXCESS LOSS
FACTORS

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

EXPLANATORY NOTES TO EXHIBIT C19

BASIC GROUP I ADDITIONAL EXCESS LOSS INFORMATION

COLUMN (1) TRENDED INCURRED LOSSES

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

COLUMN (2) TRENDED NORMAL LOSSES

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

COLUMN (3) STATE NORMAL PERCENTAGE

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

COLUMN (4) MULTISTATE NORMAL PERCENTAGES

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

COLUMN (5) SMOOTHED LOSSES

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

COLUMN (6) STATE AVERAGE EXCESS FACTOR

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

EXPLANATORY NOTES TO EXHIBIT C20

COLUMN (1)

EARNED PREMIUMS

The unadjusted earned premiums are shown for each year.

COLUMN (2)

INCURRED LOSSES

The unadjusted incurred losses are shown for each year.

COLUMN (3)

NORMAL INCURRED LOSSES

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

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

COLUMN (4)

NORMAL LOSS RATIO

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

COLUMN (5)

STATE EXCESS LOSS RATIO

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

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

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

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

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

EXPLANATORY NOTES TO EXHIBIT C20 (cont'd)

COLUMN (6)

REGIONAL EXCESS LOSS RATIO

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

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

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

LINE (7)

STATE EXCESS COMPONENT

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

LINE (8)

REGIONAL EXCESS COMPONENT

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

LINE (9)

STATE EXCESS MULTIPLIER

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

BASIC GROUP II REGIONS

NORTHEAST REGION

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

PLAINS REGION

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

SOUTHEAST REGION

ALABAMA
FLORIDA
GEORGIA
LOUISIANA
MISSISSIPPI
NORTH CAROLINA
SOUTH CAROLINA
HAWAII

MIDWEST REGION

ILLINOIS
INDIANA
KENTUCKY
MICHIGAN
OHIO
TENNESSEE
WEST VIRGINIA
WISCONSIN

WEST REGION

ARIZONA
CALIFORNIA
IDAHO
NEVADA
NEW MEXICO
OREGON
UTAH
WASHINGTON
ALASKA

EXPLANATORY NOTES TO EXHIBIT C21

SPECIAL CAUSES OF LOSS ADDITIONAL EXCESS LOSS FACTOR

COLUMN (1) EARNED PREMIUMS

These are the unadjusted earned premiums for each year.

COLUMN (2) INCURRED LOSSES

These are the unadjusted incurred losses for each year.

COLUMN (3) NORMAL INCURRED LOSSES

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

COLUMN (4) NORMAL LOSS RATIO

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

Column (4) = Column (3) ÷ Column (1)

COLUMN (5) EXCESS LOSS RATIO

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

LINE (6) EXCESS COMPONENT

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

LINE (7) EXCESS MULTIPLIER

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

OVERVIEW

APPLICATION OF CREDIBILITY

INTRODUCTION

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

Z = credibility

C = final estimate

R = estimate based on the most recent data

N = net trend

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

EXPLANATORY NOTES TO EXHIBITS C22, C23 AND C24

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

LINE (1a)
(BGI only)

Full Credibility Claims Standard of Frequency

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

LINE (1b)
(BGI only)

Severity Modification Factor

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

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

Full Credibility Claims Standard

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

LINE (2)

Multistate Experience Period Ratio of Earned Risks to Claims

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

LINE (3)

Full Credibility Earned Risks Standard

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

LINE (4)

Experience Period Statewide Earned Risks

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

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

LINE (5) Experience Period Aggregate Loss Costs

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

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

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

LINE (7) Full Credibility Aggregate Loss Costs Standard

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

LINE (8) Credibility

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

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

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

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

OVERVIEW

LOSS ADJUSTMENT EXPENSE FACTORS

OBJECTIVE	The reported indemnity losses must be loaded for any loss adjustment expenses (LAE) that are not reported in statistical detail to ISO.
PROPERTY COVERAGES	For the property coverages, only the incurred indemnity losses are reported to ISO under the Commercial Statistical Plan. All loss adjustment expenses must be loaded in. A factor representing the ratio of incurred losses plus all LAE to incurred losses was selected based on multistate financial data (see Exhibit D6 for the underlying data).
EXPERIENCE INCLUDED	Fire and Allied Lines incurred loss and loss adjustment expense experience for 2018-2022 is displayed on Exhibit D6. The experience is based on Insurance Expense Exhibit information compiled by A.M. Best. For Allied Lines, the loss adjustment expense ratios [Exhibit D6, line (3)(b)] for a few years are distorted by unusual catastrophe-related losses and loss adjustment expenses. The selected Allied Lines loss adjustment expense factor used for this review was selected after consideration of this distortion and based on a review of average loss adjustment expense ratios over a longer time period.
SELECTED FACTORS	The following factors have been used in this review to load incurred losses for all loss adjustment expenses:

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

MONTANA

SUMMARY OF MONOLINE PROSPECTIVE LOSS COST CHANGES (A)

<u>Coverage</u>	<u>Indications</u>	<u>Selections</u>	<u>Aggregate Loss Costs At Current Level</u>
Basic Group I	-4.8%	-4.8%	14,022,373
Basic Group II	+2.8%	+2.8%	11,714,070
Division A	-20.4%	-20.4%	
Division B	+23.7%	+23.7%	
Division C	+28.5%	+28.5%	
Special Causes of Loss	+3.6%	+3.6%	6,513,191
All Coverages Combined	-0.3%	-0.3%	32,249,634

(A) For trend purposes, the period of use for this revision is assumed to begin on 03/01/2025.

MONTANA

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

		<u>Territory</u>		
<u>Coverage</u>	<u>Symbol</u>	<u>Division A</u>	<u>Division B</u>	<u>Division C</u>
Buildings	AA	-20.4%	23.7%	28.5%
	A	-20.4%	23.7%	28.5%
	AB	-20.4%	23.7%	28.5%
	B	-20.4%	23.7%	28.5%
Contents	AA	-20.4%	23.7%	28.5%
	A	-20.4%	23.7%	28.5%
	AB	-20.4%	23.7%	28.5%
	B	-20.4%	23.7%	28.5%

MONTANA

SPECIAL CAUSES OF LOSS PROSPECTIVE LOSS COST CHANGES BY CATEGORY

<u>Category</u>	<u>Description</u>	<u>Entire State</u>
01	Buildings	+4.0%
02	Res. Apts. And Condos	+1.8%
03	Offices	+3.6%
04	Mercantile - High	+1.4%
05	Mercantile - Medium	+2.6%
06	Mercantile - Low	+2.5%
07	Motels And Hotels	-0.5%
08	Institutional - High	+2.9%
09	Institutional - Low	+3.5%
10	Indust-Proc - High	+2.4%
11	Indust-Proc - Low	+2.7%
12	Service - High	+2.2%
13	Service - Low	+2.5%
14	Contractors	+2.3%
	Statewide Total	+3.6%

MONTANA

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

(1)		(2)	(3)	(4)
Type of Policy		Basic Group I	Basic Group II	Special Causes of Loss
31	Motel/Hotel	-4.8%	-2.3%	2.9%
32	Apartment	-4.8%	-4.9%	3.7%
33	Office	-4.8%	-3.2%	3.9%
34	Mercantile	-4.8%	2.6%	3.5%
35	Institutional	-4.8%	6.5%	3.9%
36	Services	-4.8%	3.5%	3.6%
37	Indust/Processing	-4.8%	1.9%	3.6%
38	Contractors	-4.8%	3.4%	3.4%

Basic Group I, Basic Group II, and Special Causes of Loss monoline changes by type of policy (TOP) are displayed. They are calculated by taking a weighted average of the loss cost changes by territory (where applicable) for BGI, or by category for SCL, using the latest year multiline aggregate loss costs as weights. Basic Group II monoline changes by TOP are calculated by taking a weighted average of the loss cost changes by territory using the latest year aggregate loss costs as weights.

MONTANA

STATEWIDE BASIC GROUP I
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u>	<u>Weights</u>
			<u>(3)/(2)</u>	
2019	12,890,446	9,714,517	0.754	0.10
2020	13,237,209	17,663,828	1.334	0.15
2021	12,981,846	9,480,306	0.730	0.20
2022	13,033,485	5,991,119	0.460	0.25
2023	14,022,373	10,501,134	0.749	0.30
(6) Weighted Experience Ratio				= 0.761
(7) Credibility				= 0.250
(8) Expected Experience Ratio				= 0.998
(9) Credibility Weighted Experience Ratio				= 0.939
(0.250 X 0.761) + (0.750 X 0.998)				
(10) Indicated Coverage Loss Cost Change				= 0.939
				OR -6.1%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 09/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 03/01/2026 cost levels including Loss Development and all Loss Adjustment Expenses.

MONTANA

STATEWIDE BASIC GROUP II
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u>	<u>Weights</u>
			<u>(3)/(2)</u>	
2014	9,780,711	17,611,534	1.801	0.10
2015	10,528,068	9,744,691	0.926	0.10
2016	10,920,014	16,350,367	1.497	0.10
2017	11,277,771	21,450,518	1.902	0.10
2018	11,146,831	3,786,604	0.340	0.10
2019	11,488,667	16,588,852	1.444	0.10
2020	11,699,589	15,782,306	1.349	0.10
2021	11,606,246	14,325,832	1.234	0.10
2022	11,422,967	5,382,518	0.471	0.10
2023	11,714,070	14,130,754	1.206	0.10
(6) Weighted Experience Ratio				= 1.217
(7) Credibility				= 0.261
(8) Expected Experience Ratio				= 1.020
(9) Credibility Weighted Experience Ratio				
(0.261 X 1.217) + (0.739 X 1.020)				= 1.071
(10) Indicated Coverage Loss Cost Change				= 1.071
				OR 7.1%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 09/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 03/01/2026 cost levels including Loss Development and all Loss Adjustment Expenses.

MONTANA

STATEWIDE SPECIAL CAUSES OF LOSS
COVERAGE LOSS COST LEVEL EVALUATION

(1)	(2)	(3)	(4)	(5)
	Aggregate*	Adjusted**	Experience	
<u>Year</u>	<u>Loss Costs</u>	<u>Incurred Losses</u>	<u>Ratio</u>	<u>Weights</u>
			<u>(3)/(2)</u>	
2019	6,182,625	9,348,880	1.512	0.10
2020	6,300,389	7,695,944	1.222	0.15
2021	6,318,158	6,413,718	1.015	0.20
2022	6,200,852	6,496,387	1.048	0.25
2023	6,513,191	7,943,844	1.220	0.30
(6) Weighted Experience Ratio				= 1.166
(7) Credibility				= 0.250
(8) Expected Experience Ratio				= 1.023
(9) Credibility Weighted Experience Ratio				= 1.059
(0.250 X 1.166) + (0.750 X 1.023)				
(10) Indicated Coverage Loss Cost Change				= 1.059
				OR 5.9%

* Aggregate Loss Costs are adjusted to current ISO Loss Cost Level and 09/01/2025 Amount of Insurance levels.

** Incurred Losses are adjusted to 03/01/2026 cost levels including Loss Development and all Loss Adjustment Expenses.

MONTANA
BASIC GROUP I RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	0.939 -6.1%
<u>TOP</u>	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Or</u>	
10	1.135	0.099	1.013	1.014		
31	0.952	0.038	0.998	0.999		
32	1.671	0.054	1.028	1.029		
33	0.092	0.034	0.922	0.923		
34	1.139	0.133	1.017	1.018		
35	0.220	0.045	0.934	0.935		
36	1.058	0.108	1.006	1.007		
37	0.381	0.050	0.953	0.954		
38	1.277	0.045	1.011	1.012		

Statewide Monoline Loss Cost Level Change: -4.8%

MONTANA
BASIC GROUP I RELATIVITY ANALYSIS

Loss Cost Change calculation for Entire State:

Statewide Coverage Loss Cost Change	=	0.939
Territorial Relativity	=	1.000
Monoline (TOP 10) Relativity	=	1.014

Indicated Monoline Loss Cost Level Change		
= 0.939 X 1.000 X 1.014	=	0.952
	or	-4.8%

MONTANA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	Statewide Coverage Loss Cost Change Of	1.059
TOP	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>or</u>	5.9%
10	0.821	0.134	0.974	0.978		
31	1.713	0.063	1.034	1.038		
32	0.961	0.094	0.996	1.000		
33	0.769	0.064	0.983	0.987		
34	1.194	0.106	1.019	1.023		
35	0.892	0.058	0.993	0.997		
36	0.874	0.109	0.985	0.989		
37	0.858	0.047	0.993	0.997		
38	0.851	0.042	0.993	0.997		

	(1)	(2)	(3)	(4)	(5)
Category	<u>\$ Lst Sq Formula Relativity</u>	<u>Credibility Z</u>	<u>Credibility Weighted Relativity</u>	<u>Balanced Relativity</u>	<u>Indicated Monoline Loss Cost Level Change</u>
01	1.021	0.614	1.013	1.004	4.0%
02	0.850	0.051	0.992	0.983	1.8%
03	1.251	0.040	1.009	1.000	3.6%
04	0.751	0.043	0.988	0.979	1.4%
05	1.003	0.030	1.000	0.991	2.6%
06	0.957	0.017	0.999	0.990	2.5%
07	0.532	0.049	0.970	0.961	-0.5%
08	1.126	0.026	1.003	0.994	2.9%
09	1.194	0.046	1.008	0.999	3.5%
10	0.914	0.019	0.998	0.989	2.4%
11	1.045	0.029	1.001	0.992	2.7%
12	0.940	0.060	0.996	0.987	2.2%
13	0.978	0.031	0.999	0.990	2.5%
14	0.942	0.048	0.997	0.988	2.3%

Statewide Monoline Loss Cost Level Change: 3.6%

MONTANA
SPECIAL CAUSES OF LOSS RELATIVITY ANALYSIS

Sample Loss Cost Level Change Calculation:

Statewide Coverage Loss Cost Change	=	1.059
Monoline (TOP 10) Relativity	=	0.978
Category 1 Relativity	=	1.004
Indicated Monoline Loss Cost Level Change for Category 1	=	1.040
	OR	4.0%

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

<u>Type Of Policy</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate <u>Loss Costs</u>	(3) 5 - Year Experience <u>Ratio</u>	(4) 5 - Year Exp. Ratio <u>Relativity</u>
Entire State (Montana)				
10 Monoline	2,386,474	10,970,755	0.928	1.134
31 Multiline Motel/Hotel	1,039,621	3,905,330	0.778	0.951
32 Multiline Apartment	1,244,397	5,675,213	1.366	1.670
33 Multiline Office	646,082	3,560,169	0.075	0.092
34 Multiline Mercantile	3,211,725	15,278,944	0.931	1.138
35 Multiline Institutional	947,149	4,697,245	0.180	0.220
36 Multiline Services	2,453,738	12,115,919	0.865	1.057
37 Multiline Indust/Process	1,059,894	5,247,522	0.312	0.381
38 Multiline Contractors	1,033,293	4,714,262	1.044	1.276
Total All Tops*	14,022,373	66,165,359	0.818	0.999

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
Entire State						
10 Monoline	01 Buildings	891,432	4,516,641	1.061	1.053	0.851
	02 Res. Apts. And Cond	34,118	173,455	0.264	0.613	0.496
	03 Offices	40,171	189,263	1.400	1.157	0.935
	04 Mercantile - High	55,974	201,315	1.061	0.993	0.803
	05 Mercantile - Medium	18,253	72,066	0.076	0.631	0.510
	06 Mercantile - Low	10,509	32,291	0.581	0.829	0.670
	07 Motels And Hotels	994	259,188	0.050	0.447	0.361
	08 Institutional - High	15,972	81,836	0.118	0.633	0.512
	09 Institutional - Low	7,067	162,394	0.514	0.736	0.595
	10 Indust-Proc - High	17,780	64,820	0.357	0.735	0.594
	11 Indust-Proc - Low	26,806	117,797	1.393	1.117	0.903
	12 Service - High	18,726	94,523	0.254	0.670	0.542
	13 Service - Low	20,164	95,759	0.361	0.710	0.574
	14 Contractors	20,132	115,955	0.212	0.634	0.513
	Total	1,178,098	6,177,303	0.971	1.002	0.810
31 Multiline Motel/Hotel	01 Buildings	483,857	2,156,226	2.787	2.195	1.774
	07 Motels And Hotels	165,437	516,192	0.652	1.143	0.924
	Total	649,294	2,672,418	2.243	1.927	1.557

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss <u>Costs</u>	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience <u>Ratio</u>	(4) Credibility Weighted Experience <u>Ratio</u>	(5) Credibility Weighted <u>Relativity</u>
32 Multiline Apartment	01 Buildings	815,091	3,517,574	1.176	1.231	0.995
	02 Res. Apts. And Cond	112,719	628,642	0.424	1.045	0.845
	Total	927,810	4,146,216	1.085	1.208	0.977
33 Multiline Office	01 Buildings	420,940	2,299,099	0.737	0.984	0.795
	03 Offices	78,282	430,474	0.949	1.244	1.006
	04 Mercantile - High	158	2,048	17.278	3.077	2.487
	08 Institutional - High	500	1,926	0.000	1.209	0.977
	11 Indust-Proc - Low	23	23	0.000	1.210	0.978
	12 Service - High	237	899	0.000	1.209	0.977
	14 Contractors	56	406	0.000	1.210	0.978
	Total	500,196	2,734,875	0.774	1.026	0.829

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
34 Multiline Mercantile	01 Buildings	758,535	3,626,622	1.606	1.530	1.237
	03 Offices	294	1,689	0.000	1.209	0.977
	04 Mercantile - High	102,631	467,113	0.394	1.080	0.873
	05 Mercantile - Medium	77,177	384,722	1.986	1.519	1.228
	06 Mercantile - Low	48,951	228,716	1.762	1.439	1.163
	08 Institutional - High	0	134	0.000	1.210	0.978
	11 Indust-Proc - Low	52	73	0.000	1.210	0.978
	12 Service - High	874	3,980	0.000	1.207	0.976
	13 Service - Low	881	3,434	0.000	1.208	0.977
	14 Contractors	1,335	13,669	0.000	1.201	0.971
	Total	990,730	4,730,152	1.512	1.477	1.194
35 Multiline Institutional	01 Buildings	365,539	1,756,151	0.958	1.140	0.922
	03 Offices	963	2,465	0.000	1.208	0.977
	08 Institutional - High	42,411	255,405	1.306	1.345	1.087
	09 Institutional - Low	82,625	437,178	1.398	1.367	1.105
	12 Service - High	94	389	0.000	1.210	0.978
	13 Service - Low	1,392	7,368	0.000	1.205	0.974
	14 Contractors	0	6	0.000	1.210	0.978
	Total	493,024	2,458,962	1.057	1.196	0.967

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
36 Multiline Services	01 Buildings	733,250	3,477,116	1.348	1.120	0.905
	03 Offices	80	121	0.000	0.982	0.794
	04 Mercantile - High	1,433	7,988	4.343	1.416	1.145
	05 Mercantile - Medium	390	1,544	0.000	0.982	0.794
	06 Mercantile - Low	751	3,571	15.201	2.502	2.023
	08 Institutional - High	10,146	53,061	0.000	0.982	0.794
	09 Institutional - Low	23,522	131,266	0.000	0.981	0.793
	10 Indust-Proc - High	728	4,097	0.000	0.982	0.794
	11 Indust-Proc - Low	105	310	34.294	4.411	3.566
	12 Service - High	156,468	847,061	0.543	1.035	0.837
	13 Service - Low	73,065	376,147	1.117	1.094	0.884
	14 Contractors	811	7,732	0.000	0.982	0.794
	Total	1,000,749	4,910,014	1.175	1.102	0.890
37 Indust/Proc	01 Buildings	282,074	1,387,772	1.156	1.098	0.888
	03 Offices	0	4	0.000	0.982	0.794
	04 Mercantile - High	0	71	0.000	0.982	0.794
	08 Institutional - High	178	323	0.000	0.982	0.794
	10 Indust-Proc - High	41,843	226,755	0.377	1.019	0.824
	11 Indust-Proc - Low	65,541	331,994	1.360	1.118	0.904
	12 Service - High	0	38	0.000	0.982	0.794
	13 Service - Low	29	454	0.000	0.982	0.794
	14 Contractors	970	3,635	0.000	0.982	0.794
	Total	390,635	1,951,046	1.103	1.093	0.884

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

<u>Type Of Policy</u>	<u>Category</u>	(1) Accident Year Ending 03/31/2023 Aggregate Loss Costs	(2) 5 - Year Aggregate Loss Costs	(3) 5 - Year Experience Ratio	(4) Credibility Weighted Experience Ratio	(5) Credibility Weighted Relativity
38 Multiline Contractors	01 Buildings	246,663	1,112,669	1.069	1.089	0.880
	03 Offices	1,101	5,420	0.000	0.982	0.794
	04 Mercantile - High	66	214	812.206	82.203	66.454
	06 Mercantile - Low	19	35	0.000	0.982	0.794
	08 Institutional - High	386	1,653	0.000	0.982	0.794
	11 Indust-Proc - Low	68	340	0.000	0.982	0.794
	12 Service - High	636	2,612	0.000	0.982	0.794
	13 Service - Low	273	1,414	0.000	0.982	0.794
	14 Contractors	133,443	609,872	0.338	1.014	0.820
	Total	382,655	1,734,229	0.947	1.076	0.870
Total All TOPs	01 Buildings	4,997,381	23,849,870	1.343	1.280	1.034
	02 Res. Apts. And Cond	146,837	802,097	0.387	0.945	0.764
	03 Offices	120,891	629,436	1.080	1.212	0.980
	04 Mercantile - High	160,262	678,749	1.013	1.088	0.880
	05 Mercantile - Medium	95,820	458,332	1.614	1.348	1.089
	06 Mercantile - Low	60,230	264,613	1.723	1.346	1.088
	07 Motels And Hotels	166,431	775,380	0.648	1.139	0.921
	08 Institutional - High	69,593	394,338	0.823	1.125	0.909
	09 Institutional - Low	113,214	730,838	1.052	1.247	1.008
	10 Indust-Proc - High	60,351	295,672	0.367	0.935	0.756
	11 Indust-Proc - Low	92,595	450,537	1.405	1.121	0.907
	12 Service - High	177,035	949,502	0.507	0.997	0.807
	13 Service - Low	95,804	484,576	0.928	1.015	0.821
	14 Contractors	156,747	751,275	0.315	0.966	0.782
	Total	6,513,191	31,515,215	1.226	1.237	1.000

MONTANA

BASIC GROUP II RELATIVITY ANALYSIS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Accident Year Ending 03/31/2023	Accident Years 2014-2023								Indicated Total
	Loss Costs At Current <u>Implicit PMF</u>	Experience Ratio At Current <u>PMF</u>	Formula Relativity <u>(2)/ 1.197</u>	Credibility <u>(C)</u>	Credibility Weighted <u>Relativity (D)</u>	Balanced Formula <u>Relativity (E)</u>	Normalized Formula <u>Relativity (F)</u>	Current Implicit <u>PMF</u>	Indicated Implicit <u>PMF (G)</u>	Loss Cost <u>Adjustment</u>
Monoline	1,833,264	1.055	0.881	0.279	0.967	0.967	0.9599			2.8%
Multiline	9,880,806	1.223	1.022	0.677	1.015	1.015	1.0074			7.9%
Coverage	11,714,070	1.197	1.000			1.007	1.000			7.1%
<u>Multiline Top</u>										
31 Motel/Hotel	893,016	1.298	1.084	0.136	1.011	1.015	1.0075	0.987	1.036	7.9%
32 Apartment	1,613,323	1.398	1.168	0.261	1.044	1.048	1.0403	1.280	1.387	11.4%
33 Office	784,180	0.807	0.674	0.137	0.955	0.959	0.9520	0.849	0.842	2.0%
34 Mercantile	2,158,303	1.022	0.854	0.308	0.955	0.959	0.9520	1.032	1.024	2.0%
35 Institutional	1,309,997	1.645	1.374	0.251	1.094	1.098	1.0899	1.030	1.169	16.7%
36 Services	1,922,593	1.334	1.114	0.291	1.033	1.037	1.0294	1.098	1.177	10.2%
37 Indust/Process	504,863	0.857	0.716	0.093	0.974	0.978	0.9708	0.786	0.795	4.0%
38 Contractors	694,531	0.976	0.815	0.113	0.979	0.983	0.9758	1.154	1.173	4.5%
	9,880,806	1.223	1.022		1.011	1.015	1.0074			7.9%

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

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

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

E - (6) = $(5) * (1.015/1.011)$

F - (7) = $(6) / 1.0074$

G - (9) = $(7) * (8) / (0.9599)$

MONTANA
BASIC GROUP II
TERRITORY LOSS COST LEVEL CHANGES BY TERRITORY

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Territory	Latest 10 Years Aggregate Loss Costs	Latest 10 Years Adjusted Incurred Losses	Experience Ratio (3)/(2)	Experience Ratio Credibility	Cred. Weighted Experience Ratio (4)X(5)+(1-(5))X(4) Total	Cred. Weighted Limited Relativity	Cred. Weighted Balanced Limited Relativity	Statewide Monoline Loss Cost Change	Territory Monoline Loss Cost Change (8) * (9)
Division A	55,327,731	40,876,439	0.739	0.895	0.794	0.750	0.774	1.028	-20.4%
Division B	9,839,432	15,505,605	1.576	0.604	1.451	1.165	1.203	1.028	23.7%
Division C	42,057,656	78,764,270	1.873	0.867	1.791	1.250	1.250	1.028	28.5%
Total	107,224,819	135,146,314	1.260		1.245	0.984	1.000		

(7) = (6) / (6) Total, Limited to [0.75, 1.25]

(8) See Explanatory Notes.

MONTANA
BASIC GROUP I
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective <u>Date</u>	Loss Cost Level <u>Change</u>	Loss Cost Level <u>Index</u>	Adjustment <u>Factor</u>	<u>Weight</u>
2000-10-01	-25.0%	0.750	0.887	0.250
2004-01-01	1.5%	0.761	0.874	1.000
2004-09-01	-12.4%	0.667	0.997	0.333
2006-02-01	-0.5%	0.664	1.002	0.917
2008-03-01	-7.1%	0.616	1.080	0.833
2009-04-01	-10.0%	0.555	1.198	0.750
2012-04-01	-0.9%	0.550	1.209	0.750
2013-04-01	6.6%	0.586	1.135	0.750
2014-04-01	6.3%	0.623	1.067	0.750
2017-01-01	0.6%	0.627	1.061	1.000
2018-11-01	0.5%	0.630	1.056	0.167
2020-11-01	2.1%	0.643	1.034	0.167
2022-06-01	4.7%	0.673	0.988	0.583
2024-04-01	-1.2%	0.665	1.000	0.750

Time Element Only Loss Cost Level History

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

MONTANA
BASIC GROUP II
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective Date	Loss Cost Level Change	Loss Cost Level Index	Adjustment Factor	Weight
2000-10-01	4.9%	1.049	1.424	0.250
2004-01-01	6.2%	1.114	1.341	1.000
2004-09-01	0.3%	1.117	1.338	0.333
2006-02-01	11.5%	1.246	1.199	0.917
2008-03-01	-2.4%	1.216	1.229	0.833
2009-04-01	-5.3%	1.152	1.297	0.750
2012-04-01	-4.4%	1.101	1.357	0.750
2013-04-01	-1.4%	1.085	1.377	0.750
2014-04-01	1.9%	1.106	1.351	0.750
2017-01-01	9.3%	1.209	1.236	1.000
2018-11-01	12.8%	1.364	1.095	0.167
2020-11-01	4.2%	1.421	1.051	0.167
2022-06-01	6.6%	1.515	0.986	0.583
2024-04-01	-1.4%	1.494	1.000	0.750

Time Element Only Loss Cost Level History

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

MONTANA
SPECIAL CAUSES OF LOSS
HISTORY OF STATEWIDE LOSS COST LEVEL CHANGES

Loss Cost Level History

(1)	(2)	(3)	(4)	(5)
Effective <u>Date</u>	Loss Cost Level <u>Change</u>	Loss Cost Level <u>Index</u>	Adjustment <u>Factor</u>	<u>Weight</u>
2000-10-01	2.7%	1.027	1.225	0.250
2004-01-01	-8.3%	0.942	1.335	1.000
2004-09-01	-1.3%	0.930	1.353	0.333
2006-02-01	3.5%	0.962	1.308	0.917
2008-03-01	-3.2%	0.931	1.351	0.833
2009-04-01	-2.7%	0.906	1.389	0.750
2012-04-01	4.7%	0.949	1.326	0.750
2013-04-01	6.2%	1.008	1.248	0.750
2014-04-01	1.6%	1.024	1.229	0.750
2017-01-01	1.5%	1.039	1.211	1.000
2018-11-01	3.9%	1.080	1.165	0.167
2020-11-01	5.2%	1.136	1.107	0.167
2022-06-01	6.1%	1.205	1.044	0.583
2024-04-01	4.4%	1.258	1.000	0.750

Time Element Only Loss Cost Level History

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

MONTANA

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

TERRITORY: Entire State (Montana)

(1) Effective Date	(2) Rating ID	(3) Rating Group																				
		01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	17	18	19	20	21	22
2006-02-01	Specific	-14.4%	-13.3%	-8.3%	-11.0%	-12.6%	-11.2%	-12.2%	-13.0%	-12.5%	-14.0%	-12.6%	-12.9%	-17.0%	-12.9%	-12.6%	-12.8%	-12.7%	-12.5%	-12.5%	-12.7%	-12.5%
2006-02-01	Class	1.8%	3.1%	9.0%	5.8%	4.0%	5.5%	4.4%	3.4%	4.1%	2.3%	4.0%	3.5%	-1.4%	3.5%	3.9%	3.7%	-12.7%	4.1%	-12.5%	-12.7%	4.1%
2008-03-01	Specific	-20.1%	-19.9%	-25.6%	-20.5%	-19.5%	-14.7%	-18.5%	-20.4%	-17.7%	-20.8%	-19.3%	-18.8%	-21.5%	-18.8%	-21.4%	-20.2%	-20.1%	-19.3%	-19.3%	-20.1%	-19.3%
2008-03-01	Class	-0.9%	-0.7%	-7.6%	-1.4%	-0.1%	5.8%	1.1%	-1.3%	2.1%	-1.7%	0.1%	0.7%	-2.6%	0.7%	-2.4%	-1.0%	-20.1%	0.1%	-19.3%	-20.1%	0.1%
2009-04-01	Specific	-17.2%	-16.3%	-18.7%	-17.8%	-16.4%	-12.5%	-15.4%	-18.7%	-13.9%	-16.0%	-16.3%	-15.1%	-18.3%	-15.1%	-19.1%	-16.8%	-17.7%	-18.9%	-18.9%	-16.1%	-18.9%
2009-04-01	Class	-7.6%	-6.6%	-9.4%	-8.3%	-6.8%	-2.5%	-5.6%	-9.3%	-3.9%	-6.3%	-6.6%	-5.3%	-8.9%	-5.3%	-9.8%	-7.2%	-17.7%	-9.6%	-18.9%	-16.1%	-9.6%
2012-04-01	Specific	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%	-20.9%
2012-04-01	Class	0.4%	6.9%	7.1%	11.4%	6.5%	6.2%	5.8%	5.7%	8.1%	5.6%	6.5%	4.5%	4.3%	4.5%	0.6%	6.1%	-20.9%	6.6%	-20.9%	-20.9%	6.6%
2013-04-01	Specific	-1.3%	2.0%	1.2%	5.4%	1.4%	-0.7%	1.4%	0.9%	2.4%	0.6%	1.5%	1.1%	0.9%	1.1%	-1.3%	1.2%	1.1%	1.5%	1.5%	1.3%	1.5%
2013-04-01	Class	4.2%	7.8%	6.9%	11.3%	7.1%	4.9%	7.1%	6.6%	8.2%	6.3%	7.2%	6.8%	6.6%	6.8%	4.2%	6.9%	1.1%	7.2%	1.5%	1.3%	7.2%
2014-04-01	Specific	-1.2%	2.2%	2.1%	4.6%	1.6%	-0.6%	1.6%	1.5%	2.7%	1.5%	1.7%	1.7%	1.0%	1.7%	-1.8%	1.4%	1.5%	1.4%	1.8%	1.6%	1.8%
2014-04-01	Class	4.0%	7.7%	7.6%	10.1%	7.0%	4.6%	7.0%	6.9%	8.2%	6.9%	7.1%	7.1%	6.4%	7.1%	3.5%	6.8%	1.5%	6.8%	1.8%	1.6%	7.2%
2017-01-01	Specific	1.9%	1.2%	0.9%	-0.1%	0.5%	0.8%	0.5%	-0.6%	3.4%	0.2%	1.0%	1.0%	-1.0%	1.0%	-0.5%	0.4%	0.5%	0.5%	0.2%	0.6%	0.2%
2017-01-01	Class	2.3%	1.6%	1.3%	0.3%	0.9%	1.2%	0.9%	-0.2%	3.8%	0.6%	1.4%	1.4%	-0.6%	1.4%	-0.1%	0.8%	0.5%	0.9%	0.2%	0.6%	0.6%
2018-11-01	Specific	3.4%	1.9%	1.3%	-1.7%	1.3%	2.7%	1.4%	-0.2%	2.8%	0.6%	2.3%	1.5%	1.7%	1.5%	0.7%	1.1%	1.8%	0.4%	0.4%	1.1%	0.4%
2018-11-01	Class	3.4%	1.9%	1.3%	-1.7%	1.3%	2.7%	1.4%	-0.2%	2.8%	0.6%	2.3%	1.5%	1.7%	1.5%	0.7%	1.1%	1.8%	0.4%	0.4%	1.1%	0.4%
2020-11-01	Specific	10.0%	6.2%	3.4%	-4.8%	5.3%	6.8%	5.4%	5.0%	4.7%	4.3%	5.8%	4.2%	6.6%	4.2%	0.5%	4.5%	5.4%	4.5%	4.5%	4.7%	4.5%
2020-11-01	Class	10.0%	6.2%	3.4%	-4.8%	5.3%	6.8%	5.4%	5.0%	4.7%	4.3%	5.8%	4.2%	6.6%	4.2%	0.5%	4.5%	5.4%	4.5%	4.5%	4.7%	4.5%
2022-06-01	Specific	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
2022-06-01	Class	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
2024-04-01	Specific	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%
2024-04-01	Class	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%

MONTANA

SPECIAL CAUSES OF LOSS

HISTORY OF LOSS COST LEVEL CHANGES BY CATEGORY

(1) Effective Date	(2) Category													
	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
2006-02-01	4.3%	-1.0%	2.1%	2.5%	-2.2%									
2008-03-01	-3.1%	-6.0%	-4.1%	-2.8%	-2.9%									
2009-04-01	-3.0%	-5.6%	-0.8%	-1.5%	-1.0%									
2012-04-01	4.1%	2.1%	6.7%	9.6%	6.0%	5.8%	6.9%	6.4%	5.9%	6.7%	8.3%	6.3%	4.3%	8.0%
2013-04-01	6.5%	0.4%	7.1%	6.9%	5.4%	5.1%	7.1%	5.5%	4.2%	5.7%	6.1%	5.8%	5.2%	6.6%
2014-04-01	1.8%	0.0%	2.2%	1.9%	0.9%	0.9%	1.6%	1.2%	0.8%	1.1%	1.7%	0.3%	0.6%	2.1%
2017-01-01	1.3%	1.8%	2.5%	2.4%	2.4%	2.2%	2.3%	2.2%	1.7%	2.5%	2.6%	1.2%	2.3%	3.2%
2018-11-01	4.0%	3.4%	3.9%	3.5%	4.1%	3.8%	3.8%	4.0%	3.5%	4.1%	4.0%	3.0%	3.5%	4.4%
2020-11-01	5.5%	2.7%	5.0%	4.2%	4.6%	4.8%	4.8%	4.1%	4.0%	5.0%	5.1%	4.0%	4.5%	5.0%
2022-06-01	6.4%	4.5%	5.4%	5.2%	5.4%	5.7%	5.3%	5.2%	5.5%	5.6%	6.1%	4.4%	5.2%	5.3%
2024-04-01	4.6%	1.2%	6.0%	3.1%	4.9%	4.5%	1.4%	3.8%	4.9%	4.2%	4.6%	4.0%	4.4%	4.2%

MONTANA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	<u>Low Cap</u>	<u>High Cap</u>
31	Motel/Hotel	0.975	0.500	1.500
32	Apartment	0.700	0.500	1.500
33	Office	0.999	0.500	1.500
34	Mercantile	0.952	0.500	1.500
35	Institutional	0.901	0.500	1.500
36	Services	0.985	0.500	1.500
37	Indust/Processing	0.993	0.500	1.500
38	Contractors	0.917	0.500	1.500

MONTANA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	Low <u>Cap</u>	High <u>Cap</u>
31	Motel/Hotel	0.987	0.500	1.500
32	Apartment	1.280	0.500	1.500
33	Office	0.849	0.500	1.500
34	Mercantile	1.032	0.500	1.500
35	Institutional	1.030	0.500	1.500
36	Services	1.098	0.500	1.500
37	Indust/Processing	0.786	0.500	1.500
38	Contractors	1.154	0.500	1.500

MONTANA

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

<u>TOP</u>	<u>Description</u>	<u>IPMF</u>	<u>Low Cap</u>	<u>High Cap</u>
31	Motel/Hotel	1.066	0.500	1.500
32	Apartment	1.061	0.500	1.500
33	Office	0.961	0.500	1.500
34	Mercantile	0.732	0.500	1.500
35	Institutional	0.603	0.500	1.500
36	Services	0.877	0.500	1.500
37	Indust/Processing	0.946	0.500	1.500
38	Contractors	0.943	0.500	1.500

MONTANA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending March 31, 2024

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

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

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

Time Element Combined Index - Weighted average of IMSEP and RSALES indices ^(a)

Quarter	Buildings	Contents	IMSEP	RSALES	Time Element
					Combined Index
Q2-2021	135.9	126.7	1.073	1.061	1.065
Q3-2021	137.7	129.1	1.1	1.083	1.088
Q4-2021	140.9	131.8	1.13	1.113	1.118
Q1-2022	145.2	135.4	1.166	1.149	1.154
Q2-2022	146.2	139.7	1.205	1.174	1.183
Q3-2022	147.6	142.1	1.22	1.183	1.194
Q4-2022	149.6	144.7	1.229	1.185	1.198
Q1-2023	152.6	145.2	1.236	1.188	1.202
Q2-2023	154.5	145.5	1.24	1.192	1.206
Q3-2023	156.9	145.8	1.247	1.195	1.211
Q4-2023	158.4	146.4	1.245	1.192	1.208
Q1-2024	160.1	148.1	1.248	1.191	1.208

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

	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
Annual Rate of Change (AROC)	+6.15%	+5.83%	+4.52%
Coefficient of Determination (R ²)	0.986	0.889	0.781
Loss Projection Factor = $(1.0 + \text{AROC})^{(24.5/12)}$	1.1296	1.1226	1.0945

MONTANA

DEVELOPMENT OF CURRENT COST FACTORS AND LOSS PROJECTION FACTORS

Period ending March 31, 2024

Part C: Calculation of Current Cost Factors (CCF)

<u>Calendar Year Averages</u>				<u>Current Cost Factors Based on Average Index Values for Period ending March 31, 2024</u>		
<u>Year</u>	<u>XCI</u>	<u>PPI</u>	<u>Index</u>	<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2014	104.7	112.6	102.4	160.1 / 104.7 = 1.529	148.1 / 112.6 = 1.315	1.208 / 1.024 = 1.180
2015	109.1	113.8	100.3	160.1 / 109.1 = 1.467	148.1 / 113.8 = 1.301	1.208 / 1.003 = 1.204
2016	111.1	114.4	99.1	160.1 / 111.1 = 1.441	148.1 / 114.4 = 1.295	1.208 / 0.991 = 1.219
2017	114.3	116.4	100.0	160.1 / 114.3 = 1.401	148.1 / 116.4 = 1.272	1.208 / 1.000 = 1.208
2018	117.8	118.4	101.3	160.1 / 117.8 = 1.359	148.1 / 118.4 = 1.251	1.208 / 1.013 = 1.192
2019	121.5	120.9	101.8	160.1 / 121.5 = 1.318	148.1 / 120.9 = 1.225	1.208 / 1.018 = 1.187
2020	127.2	122.5	101.6	160.1 / 127.2 = 1.259	148.1 / 122.5 = 1.209	1.208 / 1.016 = 1.189
2021	136.3	127.9	107.8	160.1 / 136.3 = 1.175	148.1 / 127.9 = 1.158	1.208 / 1.078 = 1.121
2022	147.2	140.5	118.2	160.1 / 147.2 = 1.088	148.1 / 140.5 = 1.054	1.208 / 1.182 = 1.022
2023	155.6	145.7	120.7	160.1 / 155.6 = 1.029	148.1 / 145.7 = 1.016	1.208 / 1.207 = 1.001

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

(b) Assuming a rate or loss cost revision date of 3/01/2025, and all one year policies, the time interval between the midpoint of the latest period (2/15/2024) and the average date of accident (3/01/2026) would be 24.5 months.

MONTANA

SUMMARY OF LOSS TREND ADJUSTMENTS (LTA'S)

(1)	(2)	(3)	(4)
<u>Coverage</u>	<u>Subline</u>	<u>5-Year Incurred</u>	<u>LTA's*</u>
Buildings	Basic Group I	3,658,342,502	-1.0%
	Basic Group II	3,848,929,635	0.0%
	Special Causes of Loss	2,670,855,723	1.8%
	Total	10,178,127,860	0.1%
Contents	Basic Group I	1,062,606,636	-2.4%
	Basic Group II	348,697,695	2.3%
	Special Causes of Loss	856,892,813	-0.7%
	Total	2,268,197,144	-1.0%
Time Element	Basic Group I	515,664,475	1.4%
	Basic Group II	255,245,390	2.5%
	Special Causes of Loss	268,017,604	1.4%
	Total	1,038,927,469	1.7%
Grand Total		13,485,252,473	0.0%

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

MONTANA

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

Calendar Year	(1) Buildings Current Cost Factor	(2) Contents Current Cost Factor	(3) Time Element Cost Factor	(4) Basic Group I (BGI)& Special Causes of Loss (SCL) Weights	(5) Basic Group II (BGII) Weights
2013	1.457	1.318	1.172		0.10
2014	1.429	1.286	1.170		0.10
2015	1.371	1.272	1.195		0.10
2016	1.347	1.265	1.209		0.10
2017	1.309	1.244	1.198		0.10
2018	1.270	1.222	1.183	0.10	0.10
2019	1.232	1.197	1.177	0.15	0.10
2020	1.176	1.181	1.180	0.20	0.10
2021	1.098	1.132	1.112	0.25	0.10
2022	1.017	1.030	1.013	0.30	0.10

(6) AVERAGE CURRENT COST FACTORS

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss (Weighted on Column (4))	1.126	1.130	1.113
Basic Group II (Weighted on Column (5))	1.270	1.215	1.161

(7) LOSS PROJECTION FACTORS

	Buildings	Contents	Time Element
Annual Rate of Change	1.075	1.069	1.076
Loss Projection Factor: ^b (Annual Rate of Change) ^(X/12)	1.208	1.193	1.213

(8) TOTAL TREND FACTOR (Average Current Cost Factor × Loss Projection Factor)

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss	1.360	1.348	1.350
Basic Group II	1.534	1.449	1.408

(9) EXTERNAL ANNUAL RATE OF CHANGE^c

	Buildings	Contents	Time Element
Basic Group I and Special Causes of Loss: (Total Trend Factor) ^{12/54}	1.071	1.069	1.069
Basic Group II: (Total Trend Factor) ^{12/90}	1.059	1.051	1.047

- (a) The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2022 for Buildings, Contents and Time Element.
- (b) Assuming a loss cost revision date of July 1, 2024, the time interval between the midpoint of the latest period of external trend information (November 15, 2022) and the prospective average date of loss (July 1, 2025) is 31.5 months for Buildings, Contents and Time Element.
- (c) The time interval from the weighted midpoint of the experience period to the prospective average date of loss (July 1, 2025) is 54 months for BG I and SCL, and 90 months for BG II. The weighted midpoint is January 1, 2021 for BG I and SCL, and January 1, 2018 for BG II.

MONTANA

II. INTERNAL ANNUAL RATES OF CHANGE:

(10) SELECTED COMFAL

Severity	Buildings	Contents	Time Element
Basic Group I (BGI)	1.070	1.040	1.100
Basic Group II (BGII)	1.060	1.100	1.100
Special Causes of Loss	1.110	1.075	1.100
Frequency	Buildings	Contents	Time Element
Basic Group I (BGI)	0.990	0.990	1.000
Basic Group II (BGII)	1.000	1.000	1.000
Special Causes of Loss	1.000	0.990	1.000

III. LTA CALCULATION:

CALCULATION OF LTAs - BUILDINGS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula		
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>	<u>Effect</u>	<u>LTA^f</u>
Basic Group I (BGI)	1.071	1.070	-0.1	0.0	-1.0	-1.0
Basic Group II (BGII)	1.059	1.060	0.1	0.0	0.0	0.0
Special Causes of Loss	1.071	1.110	3.6	1.8	0.0	1.8

CALCULATION OF LTAs - CONTENTS

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula		
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>	<u>Effect</u>	<u>LTA^f</u>
Basic Group I (BGI)	1.069	1.040	-2.7	-1.4	-1.0	-2.4
Basic Group II (BGII)	1.051	1.100	4.7	2.3	0.0	2.3
Special Causes of Loss	1.069	1.075	0.6	0.3	-1.0	-0.7

CALCULATION OF LTAs - TIME ELEMENT

	(11)	(12)	(13)	(14)	(15)	(16)
	External	Internal	Indicated	Formula		
	Rate of	Rate of	Severity LTA	Severity	Frequency	Final
	<u>Change^d</u>	<u>Change</u>	<u>[(12)/(11)-1.0]</u>	<u>LTA^e</u>	<u>Effect</u>	<u>LTA^f</u>
Basic Group I (BGI)	1.069	1.100	2.9	1.4	0.0	1.4
Basic Group II (BGII)	1.047	1.100	5.1	2.5	0.0	2.5
Special Causes of Loss	1.069	1.100	2.9	1.4	0.0	1.4

(d) The external rates of change are based on external economic indices through December 31, 2022 for Buildings, Contents and Time Element.

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

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

MONTANA

EXPOSURE TREND
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

	Buildings				Contents			
	(1) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	Annual	7/1/2023	9/1/2025	9/1/2025	Annual	7/1/2023	9/1/2025	9/1/2025
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
Year	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2009	3.3%	1.528	1.716		2.2%	1.357	1.490	
2010	2.5%	1.491	1.674		1.7%	1.334	1.464	
2011	2.5%	1.455	1.634	1.685	1.8%	1.311	1.439	1.471
2012	2.7%	1.416	1.590	1.644	1.8%	1.288	1.414	1.445
2013	2.6%	1.380	1.550	1.601	2.1%	1.261	1.384	1.420
2014	2.5%	1.347	1.513	1.560	2.1%	1.235	1.356	1.392
2015	2.3%	1.317	1.479	1.522	1.9%	1.212	1.331	1.363
2016	2.1%	1.289	1.448	1.488	1.8%	1.191	1.307	1.337
2017	2.1%	1.263	1.418	1.456	1.8%	1.170	1.284	1.313
2018	2.7%	1.230	1.381	1.425	1.9%	1.148	1.260	1.290
2019	2.9%	1.195	1.342	1.390	2.2%	1.123	1.233	1.266
2020	2.2%	1.169	1.313	1.352	2.1%	1.100	1.208	1.240
2021	3.2%	1.133	1.272	1.320	2.2%	1.076	1.181	1.214
2022	5.5%	1.074	1.206	1.281	3.1%	1.044	1.146	1.188
2023	7.4%	1.000	1.123	1.222	4.4%	1.000	1.098	1.154

Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual changes in Amount of Insurance for projection purposes are 5.5% and 4.4% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 9/1/2025 (i.e., 6 months beyond an assumed revision date of 3/1/2025), by applying a factor of $(1.055)^{(26/12)}$ for Buildings and $(1.044)^{(26/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

Year	Earning Factors (All Years)
n-2	9/32
n-1	11/16
n	1/32

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.222 for Buildings and 1.154 for Contents.

EXPOSURE TREND
DEVELOPMENT OF CURRENT AND PROJECTED EARNED EXPOSURE FACTORS

Time Element				
	(1) ^a	(2) ^a	(3) ^b	(4) ^c
	Annual	7/1/2023	9/1/2025	9/1/2025
	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2009	0.8%	1.166	1.233	
2010	0.7%	1.158	1.224	
2011	0.8%	1.149	1.215	1.226
2012	0.8%	1.140	1.205	1.217
2013	0.9%	1.130	1.195	1.208
2014	1.0%	1.119	1.183	1.197
2015	1.1%	1.107	1.170	1.186
2016	1.1%	1.094	1.157	1.173
2017	0.9%	1.085	1.147	1.160
2018	0.7%	1.077	1.139	1.150
2019	1.0%	1.067	1.128	1.141
2020	0.9%	1.057	1.117	1.131
2021	1.2%	1.044	1.104	1.120
2022	1.8%	1.026	1.085	1.107
2023	2.6%	1.000	1.057	1.089

Notes

- a The percentages in columns (1) and (5) represent the change in written exposures from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written exposures for each year relative to the latest year.
- b The selected average annual change in Net Income (Time Element exposure) for projection purposes is 2.6%. Consequently, the written factors at 7/1/2023 levels in column (2) are brought to the level of the average date of writing in the effective period, 9/1/2025 (i.e., 6 months beyond an assumed revision date of 3/1/2025), by applying a factor of $(1.026)^{(26/12)}$ for Time Element.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	9/32
n-1	11/16
n	1/32

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level is 1.089 for Time Element

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

	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2023 Written Factors	(3) ^b 9/1/2025 Projected Factors	(4) ^c 9/1/2025 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2023 Written Factors	(7) ^b 9/1/2025 Projected Factors	(8) ^c 9/1/2025 Earned Factors
Year								
2009	2.7%	1.409	1.547		1.8%	1.292	1.398	
2010	2.0%	1.381	1.516		1.4%	1.274	1.378	
2011	2.0%	1.354	1.486	1.524	1.5%	1.256	1.359	1.383
2012	2.2%	1.325	1.455	1.493	1.5%	1.237	1.338	1.364
2013	2.1%	1.298	1.425	1.463	1.8%	1.215	1.315	1.343
2014	2.0%	1.272	1.396	1.433	1.8%	1.194	1.292	1.321
2015	1.9%	1.249	1.371	1.403	1.6%	1.175	1.271	1.298
2016	1.7%	1.228	1.348	1.377	1.5%	1.158	1.253	1.276
2017	1.7%	1.207	1.325	1.354	1.5%	1.140	1.233	1.257
2018	2.2%	1.181	1.296	1.331	1.6%	1.122	1.214	1.238
2019	2.3%	1.155	1.268	1.303	1.8%	1.103	1.193	1.219
2020	1.8%	1.134	1.245	1.275	1.8%	1.083	1.172	1.198
2021	2.6%	1.106	1.214	1.251	1.8%	1.064	1.151	1.177
2022	4.4%	1.059	1.163	1.221	2.6%	1.037	1.122	1.156
2023	5.9%	1.000	1.098	1.175	3.7%	1.000	1.082	1.129

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.4% and 3.7% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 9/1/2025 (i.e., 6 months beyond an assumed revision date of 3/1/2025), by applying a factor of $(1.044)^{(26/12)}$ for Buildings and $(1.037)^{(26/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	9/32
n-1	11/16
n	1/32

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.175 for Buildings and 1.129 for Contents.

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

	Buildings				Contents			
	(1) ^a	(2) ^a	(3) ^b	(4) ^c	(5) ^a	(6) ^a	(7) ^b	(8) ^c
	Annual	7/1/2023	9/1/2025	9/1/2025	Annual	7/1/2023	9/1/2025	9/1/2025
	Written	Written	Projected	Earned	Written	Written	Projected	Earned
<u>Year</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>	<u>Increase</u>	<u>Factors</u>	<u>Factors</u>	<u>Factors</u>
2009	2.4%	1.373	1.498		1.7%	1.262	1.354	
2010	1.9%	1.347	1.470		1.3%	1.246	1.337	
2011	1.9%	1.322	1.442	1.477	1.4%	1.229	1.319	1.341
2012	2.0%	1.296	1.414	1.449	1.4%	1.212	1.300	1.323
2013	1.9%	1.272	1.388	1.421	1.6%	1.193	1.280	1.305
2014	1.9%	1.248	1.362	1.395	1.6%	1.174	1.260	1.285
2015	1.7%	1.227	1.339	1.369	1.4%	1.158	1.242	1.265
2016	1.6%	1.208	1.318	1.345	1.4%	1.142	1.225	1.247
2017	1.6%	1.189	1.297	1.323	1.4%	1.126	1.208	1.229
2018	2.0%	1.165	1.271	1.302	1.4%	1.110	1.191	1.212
2019	2.1%	1.142	1.246	1.278	1.7%	1.092	1.172	1.195
2020	1.6%	1.124	1.226	1.252	1.6%	1.075	1.153	1.177
2021	2.4%	1.097	1.197	1.231	1.7%	1.057	1.134	1.158
2022	4.1%	1.054	1.150	1.204	2.3%	1.033	1.108	1.139
2023	5.4%	1.000	1.091	1.161	3.3%	1.000	1.073	1.114

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.1% and 3.3% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 9/1/2025 (i.e., 6 months beyond an assumed revision date of 3/1/2025), by applying a factor of $(1.041)^{(26/12)}$ for Buildings and $(1.033)^{(26/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

<u>Year</u>	<u>Earning Factors (All Years)</u>
n-2	9/32
n-1	11/16
n	1/32

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.161 for Buildings and 1.114 for Contents.

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

	Buildings				Contents			
	(1) ^a Annual Written Increase	(2) ^a 7/1/2023 Written Factors	(3) ^b 9/1/2025 Projected Factors	(4) ^c 9/1/2025 Earned Factors	(5) ^a Annual Written Increase	(6) ^a 7/1/2023 Written Factors	(7) ^b 9/1/2025 Projected Factors	(8) ^c 9/1/2025 Earned Factors
Year								
2009	2.5%	1.385	1.514		1.4%	1.222	1.300	
2010	1.9%	1.359	1.486		1.1%	1.209	1.286	
2011	1.9%	1.333	1.457	1.493	1.2%	1.194	1.270	1.289
2012	2.1%	1.306	1.428	1.464	1.2%	1.180	1.255	1.274
2013	2.0%	1.280	1.399	1.435	1.4%	1.164	1.238	1.259
2014	1.9%	1.257	1.374	1.406	1.4%	1.148	1.221	1.242
2015	1.8%	1.234	1.349	1.380	1.2%	1.134	1.206	1.225
2016	1.6%	1.215	1.328	1.355	1.2%	1.121	1.193	1.210
2017	1.6%	1.196	1.308	1.333	1.2%	1.107	1.178	1.196
2018	2.1%	1.171	1.280	1.313	1.2%	1.094	1.164	1.182
2019	2.2%	1.146	1.253	1.287	1.4%	1.079	1.148	1.167
2020	1.7%	1.127	1.232	1.260	1.4%	1.064	1.132	1.152
2021	2.4%	1.100	1.203	1.237	1.4%	1.050	1.117	1.136
2022	4.2%	1.056	1.154	1.210	2.0%	1.029	1.095	1.121
2023	5.6%	1.000	1.093	1.166	2.9%	1.000	1.064	1.100

Notes

- a The percentages in columns (1) and (5) represent the change in written premium (reflecting the combined effect of change in exposures and limit of insurance factors) from 07/01/n-1 to 07/01/n. Columns (2) and (6) contain the cumulative changes in written premiums for each year relative to the latest year.
- b The average annual changes in Premium for projection purposes are 4.2% and 2.9% for Buildings and Contents, respectively. Consequently, the written factors at 7/1/2023 levels in column (2) and column (6) are brought to the level of the average date of writing in the effective period, 9/1/2025 (i.e., 6 months beyond an assumed revision date of 3/1/2025), by applying a factor of $(1.042)^{(26/12)}$ for Buildings and $(1.029)^{(26/12)}$ for Contents.
- c Written factors are earned into each accident year ending 12/31 using the following factors which assume all one year policies:

Year	Earning Factors (All Years)
n-2	9/32
n-1	11/16
n	1/32

For example, the factors used to adjust earned exposures for the period from 01/01/2023 to 12/31/2023 to the projected level are 1.166 for Buildings and 1.1 for Contents.

MONTANA

BASIC GROUP I

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1) Unadjusted Incurred <u>Losses</u>	(2) Trended Incurred <u>Losses</u>	(3) Average Total Loss Trend Factor <u>(2) / (1)</u>	(4) Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2019	6,661,225	10,075,952	1.513	85.6%	3.3%	11.1%
2020	12,815,227	18,353,089	1.432	83.7%	13.3%	3.0%
2021	4,865,436	6,771,940	1.392	82.8%	10.0%	7.2%
2022	3,871,315	4,972,324	1.284	78.9%	20.9%	0.2%
2023	7,480,106	8,801,442	1.177	63.5%	29.3%	7.2%

MONTANA

BASIC GROUP II

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1) Unadjusted Incurred Losses	(2) Trended Incurred Losses	(3) Average Total Loss Trend Factor (2) / (1)	(4) Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2014	7,681,979	13,946,728	1.816	95.8%	3.7%	0.5%
2015	20,073,489	35,703,081	1.779	93.1%	6.8%	0.1%
2016	9,911,084	16,830,019	1.698	93.9%	2.9%	3.2%
2017	20,493,848	33,934,839	1.656	96.4%	2.9%	0.7%
2018	1,324,577	2,193,849	1.656	77.8%	20.3%	1.9%
2019	7,162,286	11,174,610	1.560	98.3%	1.5%	0.2%
2020	25,778,024	38,706,901	1.502	98.0%	1.2%	0.8%
2021	6,542,173	9,441,935	1.443	95.8%	4.0%	0.2%
2022	2,196,990	3,004,314	1.367	87.8%	9.8%	2.4%
2023	13,571,984	16,850,809	1.242	94.8%	4.3%	0.9%

MONTANA

SPECIAL CAUSES OF LOSS

ADDITIONAL INFORMATION ON TREND ADJUSTMENTS

<u>Year</u>	(1) Unadjusted Incurred <u>Losses</u>	(2) Trended Incurred <u>Losses</u>	(3) Average Total Loss Trend Factor <u>(2) / (1)</u>	(4) Split %		
				<u>Buildings</u>	<u>Contents</u>	<u>Time Element</u>
2019	4,852,685	8,364,556	1.724	84.6%	8.0%	7.4%
2020	4,639,053	7,489,986	1.615	77.6%	17.6%	4.8%
2021	3,318,732	5,104,180	1.538	69.3%	24.8%	5.9%
2022	3,857,161	5,409,094	1.402	84.1%	7.5%	8.4%
2023	6,541,047	8,420,760	1.287	84.8%	14.3%	0.9%

MONTANA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2014-2023
EVALUATED AS OF 6/2023

Basic Group I

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
3/31/2014	955,822,675	961,082,887	950,841,554	940,851,899	936,367,631
3/31/2015	919,652,386	892,718,460	876,200,472	865,793,611	864,348,917
3/31/2016	935,202,478	909,415,484	899,459,123	887,930,881	883,351,686
3/31/2017	1,036,257,220	1,009,111,961	997,910,304	993,858,589	990,548,566
3/31/2018	1,239,776,173	1,218,058,485	1,170,965,113	1,142,746,465	1,152,006,330
3/31/2019	1,124,302,710	1,071,871,385	1,034,272,832	1,021,414,485	1,019,376,128
3/31/2020	1,312,900,887	1,277,205,983	1,220,737,407	1,192,368,762	
3/31/2021	1,357,814,318	1,363,454,022	1,353,382,841		
3/31/2022	1,230,709,691	1,209,759,298			
3/31/2023	1,429,978,207				

Year Ending	Ratios			
	27:15 Months	39:27 Months	51:39 Months	63:51 Months
3/31/2014	1.006	0.989	0.989	0.995
3/31/2015	0.971	0.981	0.988	0.998
3/31/2016	0.972	0.989	0.987	0.995
3/31/2017	0.974	0.989	0.996	0.997
3/31/2018	0.982	0.961	0.976	1.008
3/31/2019	0.953	0.965	0.988	0.998
3/31/2020	0.973	0.956	0.977	
3/31/2021	1.004	0.993		
3/31/2022	0.983			
5 Point Average	0.979	0.973	0.985	0.999

Development Factors to Ultimate

15 Months to Ultimate =	0.937
27 Months to Ultimate =	0.957
39 Months to Ultimate =	0.984
51 Months to Ultimate =	0.999

MONTANA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2014-2023
EVALUATED AS OF 6/2023

Basic Group II

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
3/31/2014	585,461,333	590,141,879	595,456,919	600,898,369	607,453,663
3/31/2015	557,160,494	579,947,892	588,281,887	594,237,939	598,736,349
3/31/2016	561,219,665	589,132,655	605,174,557	610,016,776	618,264,033
3/31/2017	854,639,097	894,769,646	909,171,063	921,911,408	921,279,434
3/31/2018	700,755,853	739,927,642	752,771,306	762,450,253	774,760,325
3/31/2019	728,395,298	758,312,192	782,790,719	794,824,232	801,645,212
3/31/2020	984,115,659	1,016,314,305	1,018,702,815	1,037,505,148	
3/31/2021	1,160,414,304	1,221,385,621	1,232,320,524		
3/31/2022	773,510,364	803,019,263			
3/31/2023	1,185,917,185				

RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
3/31/2014	1.008	1.009	1.009	1.011
3/31/2015	1.041	1.014	1.010	1.008
3/31/2016	1.050	1.027	1.008	1.014
3/31/2017	1.047	1.016	1.014	0.999
3/31/2018	1.056	1.017	1.013	1.016
3/31/2019	1.041	1.032	1.015	1.009
3/31/2020	1.033	1.002	1.018	
3/31/2021	1.053	1.009		
3/31/2022	1.038			
5 Point Average	1.044	1.015	1.014	1.009

Development Factors to Ultimate

15 Months to Ultimate =	1.084
27 Months to Ultimate =	1.038
39 Months to Ultimate =	1.023
51 Months to Ultimate =	1.009

MONTANA

INCURRED LOSS DEVELOPMENT
LOSS YEARS 2014-2023
EVALUATED AS OF 6/2023

Special Causes of Loss

Year Ending	Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
3/31/2014	743,721,358	734,922,272	727,433,388	726,799,882	724,585,186
3/31/2015	656,111,772	660,291,975	657,101,024	656,343,189	658,662,868
3/31/2016	453,015,521	450,084,807	447,884,663	451,513,872	450,086,809
3/31/2017	443,896,277	462,350,147	459,581,966	459,644,742	460,190,874
3/31/2018	608,415,283	602,109,348	595,942,951	584,469,448	580,890,779
3/31/2019	565,632,870	566,296,731	560,893,215	562,391,371	561,835,731
3/31/2020	464,364,275	463,280,008	461,035,072	458,350,003	
3/31/2021	974,019,855	981,826,730	999,368,807		
3/31/2022	527,232,493	537,199,765			
3/31/2023	1,130,168,831				

RATIOS

Year Ending	27:15 Months	39:27 Months	51:39 Months	63:51 Months
3/31/2014	0.988	0.990	0.999	0.997
3/31/2015	1.006	0.995	0.999	1.004
3/31/2016	0.994	0.995	1.008	0.997
3/31/2017	1.042	0.994	1.000	1.001
3/31/2018	0.990	0.990	0.981	0.994
3/31/2019	1.001	0.990	1.003	0.999
3/31/2020	0.998	0.995	0.994	
3/31/2021	1.008	1.018		
3/31/2022	1.019			
5 Point Average	1.003	0.997	0.997	0.999

Development Factors to Ultimate

15 Months to Ultimate =	0.996
27 Months to Ultimate =	0.993
39 Months to Ultimate =	0.996
51 Months to Ultimate =	0.999

MONTANA

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

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 1-3	Prot. 1-4	1.000	1.069	1.143	1.222	1.307	1.398	1.494	1.598	1.709	1.827	1.954
	Prot. 5-7	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071
	Prot. 8-10	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071

		Amount of Insurance *										
		1	2	3	4	5	6	7	8	9	10	11
Const. 4-6	Prot. 1-4	1.000	1.069	1.143	1.222	1.307	1.398	1.494	1.598	1.709	1.827	1.954
	Prot. 5-7	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071
	Prot. 8-10	1.000	1.076	1.157	1.244	1.338	1.439	1.548	1.665	1.790	1.926	2.071

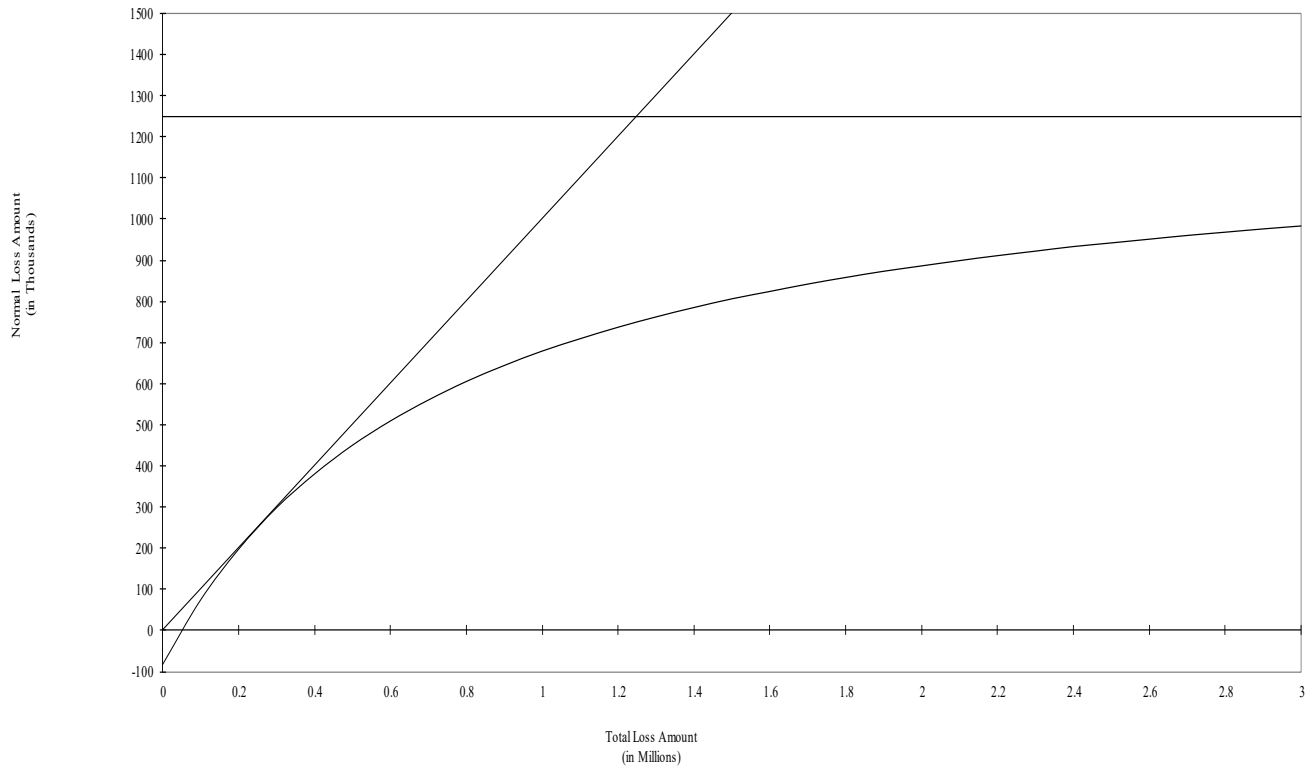
* Amount of
Insurance

Intervals

1	0 - 491,000
2	491,001 - 750,000
3	750,001 - 1,000,000
4	1,000,001 - 1,250,000
5	1,250,001 - 1,500,000
6	1,500,001 - 2,500,000
7	2,500,001 - 3,500,000
8	3,500,001 - 5,500,000
9	5,500,001 - 7,500,000
10	7,500,001 - 10,000,000
11	10,000,001 and over

Countrywide Basic Group I
Normal vs. Total Loss Amount

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



MONTANA

BASIC GROUP I

ADDITIONAL EXCESS LOSS INFORMATION

	(1)	(2)	(3)	(4)	(5)	(6)
	Trended	Trended	State	Multi-	Smoothed	State
	Incurred	Normal	Normal %	State		Average
<u>Year</u>	<u>Losses</u>	<u>Losses</u>	<u>(2)/(1)</u>	<u>Normal</u>	<u>Losses</u>	<u>Excess</u>
				<u>%</u>		<u>Factor</u>
						<u>(5)/(2)</u>
2019	10,075,952	7,076,627	70.2%	71.2%	9,525,353	1.346
2020	18,353,089	10,798,821	58.8%	62.2%	17,250,067	1.597
2021	6,771,940	5,557,503	82.1%	67.1%	9,300,638	1.674
2022	4,972,324	4,715,946	94.8%	70.1%	6,001,422	1.273
2023	8,801,442	7,660,396	87.0%	69.0%	10,611,736	1.385

MONTANA
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	Premiums	Losses	Losses	Ratio	Ratio	Ratio
1950	342,282	88,645	88,645	0.259	0.000	0.000
1951	407,575	141,780	141,780	0.348	0.000	0.000
1952	450,109	101,684	101,684	0.226	0.000	0.000
1953	451,149	383,161	325,730	0.722	0.120	0.007
1954	462,478	208,031	208,031	0.450	0.000	0.000
1955	472,628	971,442	341,237	0.722	0.830	0.503
1956	482,126	367,166	348,095	0.722	0.039	0.001
1957	523,170	298,429	298,429	0.570	0.000	0.000
1958	582,681	1,519,537	420,696	0.722	1.015	0.871
1959	721,024	330,073	330,073	0.458	0.000	0.000
1960	868,675	295,146	295,146	0.340	0.000	0.000
1961	946,282	597,931	597,931	0.632	0.000	0.000
1962	959,652	1,560,154	692,869	0.722	0.641	0.263
1963	962,693	451,031	451,031	0.469	0.000	0.000
1964	945,377	221,228	221,228	0.234	0.000	0.000
1965	855,980	365,660	365,660	0.427	0.000	0.000
1966	801,761	370,894	370,894	0.463	0.000	0.000
1967	890,024	256,042	256,042	0.288	0.000	0.000
1968	952,499	149,413	149,413	0.157	0.000	0.000
1969	1,043,715	257,556	257,556	0.247	0.000	0.000
1970	1,457,027	293,050	293,050	0.201	0.000	0.000
1971	1,538,482	312,270	312,270	0.203	0.000	0.000
1972	1,603,173	327,711	327,711	0.204	0.000	0.000
1973	1,751,782	321,973	321,973	0.184	0.000	0.000
1974	1,946,529	421,676	421,676	0.217	0.000	0.000
1975	2,142,490	1,536,535	1,536,535	0.717	0.000	0.000
1976	2,607,277	1,589,733	1,589,733	0.610	0.000	0.000
1977	2,995,595	823,230	823,230	0.275	0.000	0.000
1978	3,391,815	3,311,117	2,448,890	0.722	0.228	0.026
1979	3,317,474	1,005,630	1,005,630	0.303	0.000	0.000
1980	3,154,059	1,472,196	1,453,476	0.461	0.006	0.000
1981	2,742,670	1,134,893	1,134,893	0.414	0.000	0.000
1982	2,420,976	6,326,986	1,660,682	0.686	0.922	1.005
1983	2,609,196	1,623,230	1,500,343	0.575	0.046	0.001
1984	2,728,164	769,768	769,768	0.282	0.000	0.000
1985	3,162,408	1,334,447	1,334,447	0.422	0.000	0.000
1986	3,823,968	521,762	521,762	0.136	0.000	0.000
1987	3,269,352	236,407	236,407	0.072	0.000	0.000
1988	3,907,938	594,664	594,664	0.152	0.000	0.000
1989	3,408,966	659,161	659,161	0.193	0.000	0.000
1990	2,878,527	1,846,914	1,195,438	0.415	0.199	0.028
1991	2,422,914	9,805,936	1,781,728	0.735	1.144	2.168
1992	2,177,577	1,431,424	1,220,938	0.561	0.091	0.005
1993	2,261,532	1,275,174	1,165,130	0.515	0.047	0.002
1994	2,843,409	876,236	876,236	0.308	0.000	0.000

MONTANA
DEVELOPMENT OF BASIC GROUP II EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)	(6)
			Normal	Normal	State	Regional
	Earned	Incurred	Incurred	Loss	Excess	Excess
Year	Premiums	Losses	Losses	Ratio	Ratio	Ratio
1995	2,985,414	1,705,567	1,683,837	0.564	0.007	0.000
1996	2,766,603	2,151,158	1,884,788	0.681	0.091	0.006
1997	2,636,562	3,434,050	1,992,956	0.756	0.429	0.117
1998	2,407,155	1,168,195	1,168,195	0.485	0.000	0.000
1999	2,220,051	3,150,977	2,542,960	1.145	0.250	0.024
2000	2,324,727	1,272,386	1,240,548	0.534	0.014	-0.001
2001	2,539,896	1,650,150	1,025,930	0.404	0.216	0.030
2002	3,306,471	1,589,032	1,370,392	0.414	0.064	0.003
2003	4,029,753	1,225,046	1,135,115	0.282	0.022	0.000
2004	4,344,642	369,132	369,132	0.085	0.000	0.000
2005	4,582,287	834,700	834,700	0.182	0.000	0.000
2006	5,106,984	453,567	453,567	0.089	0.000	0.000
2007	5,459,913	5,498,121	2,905,095	0.532	0.369	0.106
2008	5,746,479	2,324,372	1,952,892	0.340	0.062	0.002
2009	6,076,935	5,436,632	2,961,390	0.487	0.328	0.080
2010	6,204,108	21,476,210	3,685,076	0.594	1.057	1.811
2011	5,562,369	2,929,153	2,929,153	0.527	0.000	0.000
2013	7,930,341	2,264,179	2,264,179	0.286	0.000	0.000
2014	7,253,424	7,681,979	5,591,632	0.771	0.263	0.025
2015	7,939,914	20,073,489	3,158,248	0.398	0.918	1.212
2016	8,512,206	9,911,084	5,553,112	0.652	0.391	0.121
2017	8,923,263	20,493,848	7,475,643	0.838	1.000	0.459
2018	9,075,687	1,324,577	1,324,577	0.146	0.000	0.000
2019	9,676,827	7,162,286	6,156,522	0.636	0.101	0.003
2020	10,776,435	25,778,024	6,016,448	0.558	0.870	0.964
2021	11,634,594	6,542,173	5,622,520	0.483	0.075	0.004
2022	12,536,427	2,196,990	2,196,990	0.175	0.000	0.000
2023	13,726,278	13,571,984	6,069,711	0.442	0.409	0.138
Total				32.227	12.264	9.984
(7) State Excess Component = Total (5) ÷ Total (4) =					0.381	
(8) Regional Excess Component					0.131	
(9) State Excess Multiplier = (1.00 + (7)) * (1.00 + (8)) =					1.562	

MONTANA
DEVELOPMENT OF SPECIAL CAUSES OF LOSS EXCESS MULTIPLIER

	(1)	(2)	(3)	(4)	(5)
	Earned	Incurred	Normal	Normal	State
Year	Premiums	Losses	Incurred	Loss	Excess
			Losses	Ratio	Loss
					Ratio
1986	1,208,739	515,551	515,551	0.427	-
1987	1,347,192	447,863	447,863	0.332	-
1988	1,374,906	560,300	560,300	0.408	-
1989	1,347,954	1,019,534	932,934	0.692	0.064
1990	1,500,324	1,012,455	965,410	0.643	0.032
1991	1,809,117	1,689,297	1,331,953	0.736	0.198
1992	1,775,526	1,518,424	1,266,194	0.713	0.142
1993	1,463,448	626,104	626,104	0.428	-
1994	1,720,047	783,991	783,991	0.456	-
1995	2,089,107	1,329,502	1,018,959	0.488	0.148
1996	2,276,196	1,169,893	1,169,893	0.514	-
1997	2,383,857	3,452,927	1,678,994	0.704	0.744
1998	2,164,677	1,401,670	1,325,155	0.612	0.036
1999	1,880,475	1,802,131	1,453,943	0.773	0.185
2000	1,856,226	1,002,361	1,002,361	0.540	-
2001	1,982,571	1,716,825	1,599,077	0.807	0.059
2002	2,385,993	1,276,269	1,276,269	0.535	-
2003	3,190,419	1,294,665	1,294,665	0.406	-
2004	3,743,286	1,173,115	1,173,115	0.313	-
2005	3,841,185	1,104,505	1,104,505	0.288	-
2006	3,614,058	1,052,382	1,052,382	0.291	-
2007	3,456,168	940,049	940,049	0.272	-
2008	3,456,807	1,742,213	1,691,008	0.489	0.015
2009	3,676,344	2,624,666	2,461,962	0.670	0.044
2010	3,772,704	2,507,045	2,507,045	0.665	-
2011	3,713,787	2,442,764	2,442,764	0.658	-
2012	3,663,234	1,599,103	1,599,103	0.437	-
2013	3,830,259	1,459,714	1,459,714	0.381	-
2014	4,148,514	3,761,348	2,775,766	0.669	0.238
2015	4,558,959	2,004,219	2,004,219	0.440	-
2016	4,801,065	1,212,331	1,212,331	0.253	-
2017	4,978,080	6,904,152	4,071,300	0.818	0.569
2018	5,812,617	6,157,118	4,447,859	0.765	0.294
2019	6,141,702	4,852,685	4,266,540	0.695	0.095
2020	6,638,571	4,639,053	3,750,513	0.565	0.134
2021	7,179,720	3,318,732	3,318,732	0.462	-
2022	7,815,291	3,857,161	3,656,655	0.468	0.026
2023	8,747,406	6,541,047	4,855,909	0.555	0.193
Total	131,346,531	82,513,164	70,041,087	20.368	3.216

(6) State Excess Component = Total (5) ÷ Total (4) = 0.158

(7) State Excess Multiplier = 1.00 + (6) = 1.158

MONTANA
BASIC GROUP I STATEWIDE CREDIBILITY CALCULATION

(1A) Full Credibility Claims Standard For Frequency With (P,K) = (95.00% , 5.00%)	1,537
(1B) Severity Modification Factor	7.080
(1C) Full Credibility Claims Standard Adjusted For Severity ((1A) X (1B))	10,882
(2) Multistate Five Year Ratio Of Earned Risks To Claims	369.715
(3) Full Credibility Earned Risks Standard (1C)X(2)	4,023,239
(4) Five Year Statewide Earned Risks	186,520
(5) Five Year Aggregate Loss Costs	66,165,359
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	354.736
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,427,187,710
(8) Statewide Credibility ((5)/(7))**(.5)	25.0%

MONTANA
BASIC GROUP II STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	30,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	178.505
(3) Full Credibility Earned Risks Standard (1)X(2)	5,355,150
(4) Ten Year Statewide Earned Risks	364,058
(5) Ten Year Aggregate Loss Costs	111,584,934
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	306.503
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	1,641,369,540
(8) Statewide Credibility $((5)/(7))^{**}(.5)$	26.1%

MONTANA
SPECIAL CAUSES OF LOSS STATEWIDE CREDIBILITY CALCULATION

(1) Full Credibility Claims Standard	25,000
(2) Multistate Ten Year Ratio Of Earned Risks To Claims	216.479
(3) Full Credibility Earned Risks Standard (1)X(2)	5,411,975
(4) Five Year Statewide Earned Risks	186,117
(5) Five Year Aggregate Loss Costs	31,515,215
(6) Aggregate Loss Costs Per Earned Risk (5)/(4)	169.330
(7) Aggregate Loss Costs For 100% Credibility (3) X (6)	916,409,727
(8) Statewide Credibility $((5)/(7))^{**}(.5)$	25.0%

MONTANA

BASIC GROUP I RATING GROUP DEFINITIONS

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

01 Apartments

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

02 OTHER HABITATIONAL

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

03 RESTAURANTS & BARS

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

BASIC GROUP I RATING GROUP DEFINITIONS04 OTHER MERCANTILES

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

05 PUBLIC BUILDINGS

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

06 CHURCHES

- 0900 Churches and Synagogues

BASIC GROUP I RATING GROUP DEFINITIONS07 SCHOOLS

1052 Schools, Academic

08 OFFICE AND BANKS

0702 Non-Governmental Offices and Banks

09 RECREATIONAL FACILITIES

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

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

0757 Clubs, NOC, Including Fraternal and Union Halls

0831 Motion Picture Studios

0832 Theaters

0833 Drive-in Theaters

0834 Skating Rinks--Roller Rinks

0841 Bowling Alleys

0843 Halls and Auditoriums

0844 Recreational Facilities, NOC

0845 Boys' and Girls' Camps

0846 Dance Halls, Ballrooms & Discotheques

0951 Gambling Casinos with Restaurants

0952 Gambling Casinos without Restaurants

10 HOTELS & MOTELS

0742 Motels and Hotels with Restaurant - Up to 10 Units

0743 Motels and Hotels with Restaurant - 11 to 30 Units

0744 Motels and Hotels with Restaurant - Over 30 Units

0745 Motels and Hotels without Restaurant - Up to 10 Units

0746 Motels and Hotels without Restaurant - 11 to 30 Units

0747 Motels and Hotels without Restaurant - Over 30 Units

11 HOSPITALS & NURSING HOMES

0851 Hospitals

0852 Nursing and Convalescent Homes

12 BUILDINGS UNDER CONSTRUCTION

1150 Buildings Under Construction

BASIC GROUP I RATING GROUP DEFINITIONS13 MOTOR VEHICLE RISKS

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

14 OTHER NON-MANUFACTURING

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

15 STORAGE

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

BASIC GROUP I RATING GROUP DEFINITIONS17 FOOD MANUFACTURING

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

18 WOOD MANUFACTURING

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

19 WEARING APPAREL

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

20 CHEMICAL MANUFACTURING

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

21 METAL MANUFACTURING

6810 Heavy Metalworking including Basic Metalwork
6850 Metalworking, NOC

BASIC GROUP I RATING GROUP DEFINITIONS22 OTHER MANUFACTURING

2750 Cotton Gins

3409 Leather and Leather Products

4400 Paper Manufacturing

4450 Paper and Paper Products Processing

4809 Printing

5500 Plastic Products

5759 Rubber Products

6009 Stone, Glass, Concrete, Gypsum, Brick, Tile and Clay Products, Abrasives, Plaster and Other Mineral, NOC

6210 Mining Other than Coal

6250 Coal Mining

6900 Precision Products, Electronic, Radio and Television Manufacturing

MONTANA

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

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

CATEGORY 04 - MERCANTILE CONTENTS COVERAGE (HIGH)

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

CATEGORY 05 - MERCANTILE CONTENTS COVERAGE (MEDIUM)

Occupancy classes not listed in Category 04 or Category 06

CATEGORY 06 - MERCANTILE CONTENTS COVERAGE (LOW)

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

CATEGORY 07 - MOTEL & HOTEL CONTENTS COVERAGE

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

CATEGORIES 08 & 09 - INSTITUTIONAL CONTENTS COVERAGE

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

CATEGORY 08 - INSTITUTIONAL CONTENTS COVERAGE (HIGH)

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

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

Occupancy classes not listed in Category 08

CATEGORIES 10 & 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE

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

CATEGORY 10 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (HIGH)

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

CATEGORY 11 - INDUSTRIAL & PROCESSING CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 10

CATEGORIES 12 & 13 - SERVICE CONTENTS COVERAGE

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

CATEGORY 12 - SERVICE CONTENTS COVERAGE (HIGH)

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

CATEGORY 13 - SERVICE CONTENTS COVERAGE (LOW)

Occupancy classes not listed in Category 12

CATEGORY 14 - CONTRACTOR CONTENTS COVERAGE

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

Montana

BASIC GROUP I

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2019	6,711,895	6,661,225	0.992
2020	7,224,916	12,815,227	1.774
2021	7,747,545	4,865,436	0.628
2022	8,368,520	3,871,315	0.463
2023	9,464,394	7,480,106	0.790

MONTANA

BASIC GROUP II

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	Total Unadjusted <u>Loss Costs</u>	Total Unadjusted <u>Incurred Losses</u>	Experience <u>Ratio</u>
2014	4,041,736	7,681,979	1.901
2015	4,422,557	20,073,489	4.539
2016	4,741,705	9,911,084	2.090
2017	4,970,802	20,493,848	4.123
2018	5,055,301	1,324,577	0.262
2019	5,390,022	7,162,286	1.329
2020	6,002,639	25,778,024	4.294
2021	6,480,428	6,542,173	1.010
2022	6,985,713	2,196,990	0.314
2023	7,639,685	13,571,984	1.777

MONTANA

SPECIAL CAUSES OF LOSS

UNADJUSTED AGGREGATE LOSS COSTS, LOSSES, AND EXPERIENCE RATIOS

<u>Year</u>	<u>Total Unadjusted Loss Costs</u>	<u>Total Unadjusted Incurred Losses</u>	<u>Experience Ratio</u>
2019	3,420,929	4,852,685	1.419
2020	3,697,746	4,639,053	1.255
2021	3,999,278	3,318,732	0.830
2022	4,353,141	3,857,161	0.886
2023	4,872,408	6,541,047	1.342

MONTANA

FIRE AND ALLIED LINES INSURANCE

COUNTRYWIDE LOSS ADJUSTMENT EXPENSE EXPERIENCE (A)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Selected</u>
(1) Fire						
(a) Direct Losses Incurred	8,518,012	7,422,977	9,568,271	11,499,937	12,242,136	
(b) Direct Loss Adjustment Expense Incurred	668,759	679,946	884,227	972,900	1,010,079	
(2) Allied Lines						
(a) Direct Losses Incurred	10,350,661	7,620,219	12,480,499	12,678,617	14,089,228	
(b) Direct Loss Adjustment Expense Incurred	998,273	973,445	1,234,938	1,342,164	1,359,553	
(3) Loss Adjustment Expense as a Ratio to Losses						
(a) Fire (1b) / (1a)	7.9%	9.2%	9.2%	8.5%	8.3%	9.0%
(b) Allied Lines (2b) / (2a)	9.6%	12.8%	9.9%	10.6%	9.6%	10.5%

NOTE: All dollar amounts are displayed in thousands.

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

MONTANA
COMMERCIAL PROPERTY INSURANCE

SECTION E - REVISED LOSS COST PAGES

Basic Group II Loss Costs.....	E2
Special Causes of Loss Loss Costs.....	E3
Basic Group I Loss Costs.....	E4-15
Basic Group I Sub-Standard Condition Charges.....	E16

70. CAUSES OF LOSS – BASIC FORM

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

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

Symbol/Loss Cost

	A	AB	B
Divisions A And B			
Building	<u>.048-.067</u>	<u>.061-.085</u>	<u>.072-.104</u>
Contents	<u>.038-.053</u>	<u>.045-.063</u>	<u>.051-.074</u>
Division B			
Building	<u>.074</u>	<u>.094</u>	<u>.112</u>
Contents	<u>.059</u>	<u>.070</u>	<u>.079</u>
Division C			
Building	<u>.131-.144</u>	<u>.170-.148</u>	<u>.202-.176</u>
Contents	<u>.104-.090</u>	<u>.125-.109</u>	<u>.140-.122</u>

(5) Montana Divisions**Division A**

Counties of Beaverhead, Broadwater, Deer Lodge, Flathead, Gallatin, Granite, Jefferson, Lake, Lewis and Clark, Lincoln, Madison, Mineral, Missoula, Powell, Ravalli, Sanders and Silver Bow

Division B

Counties of Cascade, Glacier, Liberty, Meagher, Park, Pondera, Teton and Toole

Division C

All remaining Montana counties

72. CAUSES OF LOSS – SPECIAL FORM

E.2. Rating Procedure – Property Damage – Other than Builders' Risk**b.(1) Building Coverage – Loss Cost: .060-.062****c.(2) Personal Property Coverage – Loss Costs**

Occupancy Category	Loss Cost
Residential Apartments and Condominiums	<u>.254-.268</u>
Offices	<u>.117-.122</u>
Mercantile – High	<u>.161-.174</u>
Mercantile – Medium	<u>.136-.143</u>
Mercantile – Low	<u>.105-.110</u>
Motels and Hotels	<u>.074-.080</u>
Institutional – High	<u>.076-.079</u>
Institutional – Low	<u>.053-.055</u>
Industrial and Processing – High	<u>.149-.157</u>
Industrial and Processing – Low	<u>.114-.119</u>
Service – High	<u>.121-.128</u>
Service – Low	<u>.094-.099</u>
Contractors	<u>.173-.182</u>
Territory (County)	Territorial Multiplier
Entire State	1.000

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85. BASIC GROUP I CLASS LOSS COSTS

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0074	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Up to 10 Units					
0075	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – 11 to 30 Units					
0076	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories – Over 30 Units					
0077	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Up to 10 Units					
0078	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – 11 to 30 Units					
0079	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes – Over 30 Units					
0196	1 Family Dwellings (Lessor's Risk)					
0197	2 Family Dwellings (Lessor's Risk)					
0198	3 or 4 Family Dwellings (Lessor's Risk)					
0311	Apartments without Mercantile Occupancies – Up to 10 Units					
0312	Apartments without Mercantile Occupancies – 11 to 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0074	Building (1)	0.104	0.095	0.084	0.067	0.062
	Contents (2)	0.106	0.095	0.089	0.078	0.073
0075	Building (1)	0.104	0.095	0.084	0.067	0.062
	Contents (2)	0.106	0.095	0.089	0.078	0.073
0076	Building (1)	0.104	0.095	0.084	0.067	0.062
	Contents (2)	0.106	0.095	0.089	0.078	0.073
0077	Building (1)	0.096	0.085	0.076	0.061	0.059
	Contents (2)	0.099	0.089	0.084	0.075	0.069
0078	Building (1)	0.096	0.085	0.076	0.061	0.059
	Contents (2)	0.099	0.089	0.084	0.075	0.069
0079	Building (1)	0.096	0.085	0.076	0.061	0.059
	Contents (2)	0.099	0.089	0.084	0.075	0.069
0196	Building (1)	0.063	0.059	0.050	0.043	0.038
	Contents (2)	0.071	0.063	0.060	0.054	0.049
0197	Building (1)	0.063	0.059	0.050	0.043	0.038
	Contents (2)	0.071	0.063	0.060	0.054	0.049
0198	Building (1)	0.063	0.059	0.050	0.043	0.038
	Contents (2)	0.071	0.063	0.060	0.054	0.049
0311	Building (1)	0.172	0.155	0.138	0.112	0.104
	Contents (2)	0.193	0.177	0.166	0.146	0.136
0312	Building (1)	0.172	0.155	0.138	0.112	0.104
	Contents (2)	0.193	0.177	0.166	0.146	0.136
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0313	Apartments without Mercantile Occupancies – Over 30 Units					
0321	Apartments with Mercantile Occupancies – Up to 10 Units					
0322	Apartments with Mercantile Occupancies – 11 to 30 Units					
0323	Apartments with Mercantile Occupancies – Over 30 Units					
0331	Residential Condominiums without Mercantile Occupancies – Up to 10 Units					
0332	Residential Condominiums without Mercantile Occupancies – 11 to 30 Units					
0333	Residential Condominiums without Mercantile Occupancies – Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0313	Building (1)	0.172	0.155	0.138	0.112	0.104
	Contents (2)	0.193	0.177	0.166	0.146	0.136
0321	Building (1)	0.264	0.239	0.210	0.172	0.159
	Contents (2)					
	A	0.393	0.352	0.336	0.295	0.275
	B&C	0.461	0.413	0.391	0.345	0.324
0322	Building (1)	0.264	0.239	0.210	0.172	0.159
	Contents (2)					
	A	0.393	0.352	0.336	0.295	0.275
	B&C	0.461	0.413	0.391	0.345	0.324
0323	Building (1)	0.264	0.239	0.210	0.172	0.159
	Contents (2)					
	A	0.393	0.352	0.336	0.295	0.275
	B&C	0.461	0.413	0.391	0.345	0.324
0331	Building (1)	0.096	0.086	0.077	0.061	0.059
	Contents (2)	0.085	0.076	0.070	0.062	0.059
0332	Building (1)	0.096	0.086	0.077	0.061	0.059
	Contents (2)	0.085	0.076	0.070	0.062	0.059
0333	Building (1)	0.096	0.086	0.077	0.061	0.059
	Contents (2)	0.085	0.076	0.070	0.062	0.059
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0341	Residential Condominiums with Mercantile Occupancies – Up to 10 Units					
0342	Residential Condominiums with Mercantile Occupancies – 11 to 30 Units					
0343	Residential Condominiums with Mercantile Occupancies – Over 30 Units					
0511	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Low Susceptibility					
0512	Mercantile – Sole Occupancy Only – Tire, Battery and Accessory Dealers without Tire Recapping and Vulcanizing					
0520	Mercantile – Sole Occupancy Only – Wearing Apparel, Textiles, Shoes					
0531	Mercantile – Sole Occupancy Only – Alcoholic Beverages other than Bars					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0341	Building (1)	0.149	0.135	0.119	0.097	0.088
	Contents (2)					
	A	0.171	0.152	0.143	0.126	0.117
0342	Building (1)	0.149	0.135	0.119	0.097	0.088
	Contents (2)					
	A	0.171	0.152	0.143	0.126	0.117
0343	Building (1)	0.149	0.135	0.119	0.097	0.088
	Contents (2)					
	A	0.171	0.152	0.143	0.126	0.117
0511	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.303	0.273	0.259	0.227	0.214
0512	Building (1)	0.177	0.157	0.139	0.114	0.105
	Contents (2)	0.272	0.245	0.229	0.203	0.188
0520	Building (1)	0.219	0.196	0.177	0.140	0.129
	Contents (2)	0.393	0.354	0.336	0.295	0.277
0531	Building (1)	0.185	0.166	0.148	0.120	0.110
	Contents (2)	0.322	0.287	0.272	0.240	0.225
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0532	Merc – Sole Occy Only – Food Products Inc. Retail Bakeries; Non-Alcoholic Beverages (Sales Only – No Baking or Cooking)					
0533	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets					
0534	Mercantile – Sole Occupancy Only – Food Products with Limited Cooking, Excluding Bakeries					
0535	Mercantile – Sole Occupancy Only – Baking on Premises, No Delivery to Outlets – Using Cannabis as an Ingredient					
0541	Mercantile – Sole Occupancy Only – Bars and Taverns					
0545	Mercantile – Sole Occupancy Only – Restaurants with Limited Cooking					
0550	Mercantile – Sole Occupancy Only – Motor Vehicles, No Repair					
0561	Mercantile – Sole Occupancy Only – Boat and Marine Supply Dealers					
0562	Mercantile – Sole Occupancy Only – Drugs					
0563	Mercantile – Sole Occupancy Only – Electrical Goods, Hardware and Machinery					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0532	Building (1)	0.283	0.254	0.227	0.185	0.170
	Contents (2)	0.393	0.354	0.336	0.295	0.277
0533	Building (1)	0.223	0.199	0.180	0.143	0.134
	Contents (2)	0.316	0.285	0.268	0.239	0.223
0534	Building (1)	0.312	0.278	0.247	0.202	0.186
	Contents (2)	0.333	0.299	0.283	0.248	0.234
0535	Building (1)	0.223	0.199	0.180	0.143	0.134
	Contents (2)	0.316	0.285	0.268	0.239	0.223
0541	Building (1)	0.334	0.302	0.268	0.218	0.203
	Contents (2)	0.360	0.323	0.304	0.268	0.250
0545	Building (1)	0.393	0.356	0.318	0.257	0.238
	Contents (2)	0.446	0.403	0.379	0.334	0.312
0550	Building (1)	0.166	0.149	0.134	0.108	0.100
	Contents (2)	0.327	0.295	0.278	0.246	0.229
0561	Building (1)	0.178	0.160	0.140	0.114	0.106
	Contents (2)	0.327	0.295	0.278	0.246	0.229
0562	Building (1)	0.199	0.181	0.161	0.129	0.120
	Contents (2)	0.364	0.327	0.311	0.273	0.254
0563	Building (1)	0.198	0.180	0.160	0.128	0.118
	Contents (2)	0.272	0.245	0.229	0.203	0.188
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0564	Mercantile – Sole Occupancy Only – Furniture and Home Furnishings other than Appliances					
0565	Mercantile – Sole Occupancy Only – Jewelry					
0566	Mercantile – Sole Occupancy Only – Sporting Goods					
0567	Mercantile – Sole Occupancy Only – Not Otherwise Classified – Moderate Susceptibility					
0570	Mercantile – Sole Occupancy Only – Not Otherwise Classified – High Susceptibility					
0574	Mercantile – Sole Occupancy Only – Cannabis containing Products Distributors or Retail Sales, Cannabis, NOC					
0575	Mercantile – Sole Occupancy Only – Cannabis - Growers other than Greenhouses					
0580	Greenhouses – Sole Occupancy Only					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0564	Building (1)	0.273	0.246	0.219	0.180	0.165
	Contents (2)	0.476	0.430	0.405	0.357	0.334
0565	Building (1)	0.182	0.165	0.144	0.118	0.108
	Contents (2)	0.266	0.239	0.225	0.199	0.186
0566	Building (1)	0.205	0.185	0.166	0.134	0.125
	Contents (2)	0.357	0.324	0.303	0.268	0.252
0567	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.303	0.273	0.259	0.227	0.214
0570	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.322	0.287	0.272	0.240	0.225
0574	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.303	0.273	0.259	0.227	0.214
0575	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.322	0.287	0.272	0.240	0.225
0580	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.334	0.301	0.285	0.252	0.237
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0581	Mercantile – Multiple Occupancy without 0564 Occupant					
0582	Mercantile – Multiple Occupancy with 0564 Occupant					
0585	Greenhouses – Sole Occupancy Only – Cannabis					
0701	Government Offices					
0702	Banks and Offices other than Governmental					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0581	Building (1)	0.195	0.177	0.156	0.126	0.117
	Contents (2)					
	A	0.322	0.287	0.272	0.240	0.225
	B	0.389	0.350	0.333	0.293	0.273
0582	Building (1)	0.216	0.193	0.172	0.140	0.128
	Contents (2)					
	A	0.285	0.259	0.245	0.214	0.199
	B	0.350	0.314	0.299	0.263	0.245
0585	Building (1)	0.185	0.166	0.146	0.118	0.110
	Contents (2)	0.334	0.301	0.285	0.252	0.237
0701	Building (1)	0.073	0.064	0.059	0.046	0.043
	Contents (2)					
	A	0.080	0.073	0.066	0.060	0.056
	B	0.116	0.106	0.100	0.089	0.082
0702	Building (1)	0.100	0.089	0.081	0.064	0.060
	Contents (2)					
	A	0.120	0.107	0.101	0.088	0.083
	B	0.164	0.149	0.140	0.123	0.115
0702	Building (1)	0.146	0.132	0.125	0.110	0.103
	Contents (2)					
	A					
	B					
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0742	Motels and Hotels with Limited Cooking Restaurant – Up to 10 Units					
0743	Motels and Hotels with Limited Cooking Restaurant – 11 to 30 Units					
0744	Motels and Hotels with Limited Cooking Restaurant – Over 30 Units					
0745	Motels and Hotels without Restaurant – Up to 10 Units					
0746	Motels and Hotels without Restaurant – 11 to 30 Units					
0747	Motels and Hotels without Restaurant – Over 30 Units					
0755	Golf, Tennis and Similar Sport Facilities with Limited Cooking					
0756	Golf, Tennis and Similar Sport Facilities without Cooking					
0757	Clubs, Not Otherwise Classified, Including Fraternal and Union Halls					
0831	Motion Picture Studios					
0832	Theaters Excluding Drive-in Theaters					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0742	Building (1)	0.299	0.269	0.238	0.193	0.179
	Contents (2)	0.328	0.298	0.280	0.245	0.231
0743	Building (1)	0.299	0.269	0.238	0.193	0.179
	Contents (2)	0.328	0.298	0.280	0.245	0.231
0744	Building (1)	0.299	0.269	0.238	0.193	0.179
	Contents (2)	0.328	0.298	0.280	0.245	0.231
0745	Building (1)	0.129	0.115	0.106	0.084	0.077
	Contents (2)	0.141	0.126	0.122	0.108	0.100
0746	Building (1)	0.129	0.115	0.106	0.084	0.077
	Contents (2)	0.141	0.126	0.122	0.108	0.100
0747	Building (1)	0.129	0.115	0.106	0.084	0.077
	Contents (2)	0.141	0.126	0.122	0.108	0.100
0755	Building (1)	0.333	0.299	0.265	0.216	0.199
	Contents (2)	0.381	0.342	0.325	0.286	0.266
0756	Building (1)	0.136	0.121	0.108	0.086	0.081
	Contents (2)	0.153	0.139	0.131	0.115	0.108
0757	Building (1)	0.146	0.131	0.115	0.095	0.086
	Contents (2)	0.153	0.139	0.131	0.115	0.108
0831	Building (1)	0.113	0.103	0.088	0.073	0.067
	Contents (2)	0.131	0.116	0.111	0.099	0.089
0832	Building (1)	0.144	0.129	0.115	0.095	0.086
	Contents (2)	0.153	0.139	0.131	0.115	0.108
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0833	Drive-in Theaters					
0834	Skating Rinks – Roller Rinks					
0841	Bowling Alleys without Cooking					
0843	Halls and Auditoriums					
0844	Recreational Facilities, Not Otherwise Classified					
0845	Boys' and Girls' Camps					
0846	Dance Halls, Ballrooms and Discotheques					
0851	Hospitals					
0852	Nursing and Convalescent Homes					
0900	Churches and Synagogues					
0911	Dry Cleaners and Dyeing Plants, other than Self-Service					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0833	Building (1)	0.122	0.111	0.099	0.080	0.073
	Contents (2)	0.143	0.127	0.121	0.108	0.100
0834	Building (1)	0.197	0.179	0.157	0.127	0.117
	Contents (2)	0.200	0.181	0.171	0.151	0.140
0841	Building (1)	0.200	0.181	0.160	0.131	0.119
	Contents (2)	0.208	0.189	0.179	0.156	0.147
0843	Building (1)	0.100	0.088	0.080	0.065	0.060
	Contents (2)	0.106	0.096	0.088	0.080	0.073
0844	Building (1)	0.136	0.121	0.108	0.086	0.081
	Contents (2)	0.148	0.134	0.126	0.112	0.104
0845	Building (1)	0.087	0.080	0.071	0.059	0.055
	Contents (2)	0.103	0.089	0.086	0.077	0.071
0846	Building (1)	0.187	0.168	0.148	0.121	0.112
	Contents (2)	0.184	0.166	0.156	0.138	0.127
0851	Building (1)	0.054	0.048	0.045	0.035	0.034
	Contents (2)	0.063	0.057	0.054	0.047	0.045
0852	Building (1)	0.057	0.052	0.046	0.037	0.034
	Contents (2)	0.065	0.060	0.055	0.048	0.047
0900	Building (1)	0.103	0.094	0.082	0.067	0.063
	Contents (2)	0.112	0.100	0.094	0.081	0.077
0911	Building (1)	0.360	0.326	0.289	0.234	0.216
	Contents (2)	0.426	0.384	0.361	0.320	0.298
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0912	Laundries, other than Self-Service					
0913	Self-Service Laundries and Dry Cleaners					
0921	Light Hazard Service Occupancies					
0922	Service Occupancies, other than Light Hazard					
0923	Funeral Homes					
0931	Auto Parking Garages, Car Washes					
0932	Gasoline Service Stations					
0933	Motor Vehicle and Aircraft Repair, with or without Sales					
0934	Tire Recapping and Vulcanizing, with or without Sales					
0940	Aircraft Hangars without Repair					
0951	Gambling Casinos with Limited Cooking Restaurants					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0912	Building (1)	0.475	0.430	0.383	0.310	0.285
	Contents (2)	0.589	0.528	0.499	0.439	0.411
0913	Building (1)	0.313	0.282	0.249	0.205	0.189
	Contents (2)	0.367	0.331	0.312	0.275	0.257
0921	Building (1)	0.189	0.168	0.150	0.122	0.115
	Contents (2)	0.222	0.201	0.190	0.167	0.157
0922	Building (1)	0.208	0.189	0.167	0.137	0.125
	Contents (2)	0.254	0.228	0.216	0.192	0.177
0923	Building (1)	0.139	0.125	0.111	0.089	0.082
	Contents (2)	0.149	0.135	0.126	0.111	0.104
0931	Building (1)	0.120	0.108	0.096	0.079	0.071
	Contents (2)	0.140	0.125	0.120	0.106	0.098
0932	Building (1)	0.171	0.153	0.137	0.110	0.104
	Contents (2)	0.207	0.189	0.177	0.156	0.144
0933	Building (1)	0.143	0.129	0.115	0.091	0.086
	Contents (2)	0.181	0.166	0.155	0.137	0.126
0934	Building (1)	0.189	0.170	0.150	0.122	0.113
	Contents (2)	0.222	0.200	0.190	0.167	0.156
0940	Building (1)	0.089	0.083	0.073	0.060	0.056
	Contents (2)	0.113	0.103	0.096	0.085	0.080
0951	Building (1)	0.386	0.347	0.309	0.252	0.231
	Contents (2)	0.427	0.384	0.364	0.322	0.300
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
0952	Gambling Casinos without Restaurants					
1000	Penal Institutions					
1051	Museums, Libraries, Art Galleries (Non-Profit)					
1052	Schools, Academic					
1070	Fire Departments, Police, Sewage, Water Works and Other Public Buildings					
1150	Builders' Risk					
1180	Vacant Buildings – See CSP Class Code of previous or intended occupancy. Add loss cost of .015 unless Class Code of previous or intended occupancy is 0580, 0585, 0742-0747, 0833, 0834, 0841, 0843, 0844, 0846, 0900, 0951, 0952, 1051 or 1052.					
1211	Freight Terminals					
1212	General Storage Warehouses – Bailee					
1213	Miscellaneous Products Storage – (Other Than Retail Or Wholesale Or Cold Storage)					
1220	Household Goods Storage					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
0952	Building (1)	0.131	0.116	0.105	0.084	0.078
	Contents (2)	0.188	0.169	0.158	0.140	0.131
1000	Building (1)	0.070	0.062	0.056	0.045	0.041
	Contents (2)	0.061	0.056	0.052	0.045	0.043
1051	Building (1)	0.044	0.038	0.035	0.028	0.026
	Contents (2)	0.057	0.050	0.047	0.043	0.038
1052	Building (1)	0.060	0.052	0.046	0.038	0.035
	Contents (2)	0.067	0.061	0.057	0.049	0.046
1070	Building (1)	0.066	0.061	0.054	0.044	0.040
	Contents (2)	0.080	0.073	0.069	0.061	0.057
1150	Building (1)	0.048	0.045	0.038	0.030	0.028
1211	Building (1)	0.226	0.203	0.180	0.147	0.137
	Contents (2)	0.266	0.239	0.226	0.198	0.185
1212	Building (1)	0.179	0.162	0.144	0.117	0.110
	Contents (2)	0.220	0.197	0.185	0.166	0.153
1213	Building (1)	0.158	0.143	0.126	0.105	0.096
	Contents (2)	0.209	0.190	0.179	0.158	0.147
1220	Building (1)	0.190	0.170	0.150	0.123	0.115
	Contents (2)	0.229	0.206	0.195	0.173	0.162
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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

All rates are subject to protection class and territorial multipliers.

CSP Class Codes And Description						
1230	Cold Storage Warehouses					
1400	Waste and Reclaimed Materials Including Yards					
1650	Building Supply Yards, Including Retail Lumberyards, Coal and Coke Yards					
1700	Mill Yards					
1751	Oil Distributing, Oil Terminals and LPG Tank Farms – Including Stock					
1752	Oil Distributing, Oil Terminals and LPG Tank Farms – Excluding Stock					
2200	Baking on Premises, Delivery to Outlets					
2205	Baking on Premises, Delivery to Outlets, and Food Products Manufacturing – Using Cannabis as an Ingredient					
2350	Beverage Bottlers Excluding Alcoholic Beverages					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) Or Fire Res. (6)
1230	Building (1)	0.165	0.147	0.131	0.108	0.100
	Contents (2)	0.223	0.200	0.190	0.167	0.155
1400	Building (1)	0.489	0.438	0.392	0.318	0.293
	Contents (2)	0.592	0.534	0.504	0.446	0.415
	Yard	0.736		0.076		
1650	Building (1)	0.291	0.261	0.232	0.190	0.175
	Contents (2)	0.369	0.332	0.314	0.277	0.259
	Yard	0.203		0.025		
1700	Building (1)	0.237	0.213	0.192	0.155	0.143
	Contents (2)	0.363	0.326	0.308	0.271	0.253
	Yard	0.198		0.024		
1751	Building (1)	0.152	0.139	0.123	0.100	0.093
	Contents (2)	0.198	0.179	0.170	0.150	0.140
1752	Building (1)	0.144	0.128	0.116	0.095	0.085
	Contents (2)	0.143	0.127	0.122	0.108	0.100
2200	Building (1)	0.558	0.505	0.451	0.366	0.338
	Contents (2)	0.666	0.601	0.565	0.498	0.470
2205	Building (1)	0.558	0.505	0.451	0.366	0.338
	Contents (2)	0.666	0.601	0.565	0.498	0.470
2350	Building (1)	0.360	0.326	0.287	0.237	0.217
	Contents (2)	0.427	0.385	0.360	0.319	0.300
Territory					Territorial Multiplier	
Entire State (Montana)					1.000	

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All rates are subject to protection class and territorial multipliers.

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85. BASIC GROUP I CLASS LOSS COSTS (Cont'd)**Sub-Standard Condition Charges (Not Applicable to Special Class Rates)**

Add the charges per \$100 of insurance, when applicable to the Basic Group I Class Rates for both buildings and contents.

Note 1.

When any of the conditions indicated in this item apply, submit properties to the insuring company for review of the charges.

Note 2.

Charges under Items **a.**, **b.**, **c.**, **d.** and **e.** below are cumulative.

SUB-STANDARD CONDITION	LOSS COSTS		
	Frame Non-Combustible Or Joisted Masonry Buildings	Masonry Non-Combustible Buildings	Modified Fire Resistive Or Fire Resistive Buildings
a. Heating and Cooking: Unsafe arrangement of heating including chimneys, stovepipes and gas vents and unsafe arrangement of cooking devices	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
b. Wiring: Unsafe or inadequate electric wiring, non-standard extensions, overloading, overfusing	<u>.156.160</u>	<u>.074.076</u>	<u>.039.040</u>
c. Conversion: Subdivision or conversion of original living spaces into multiple units with overcrowded occupancy	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
d. Physical Condition and Housekeeping: Building not in good repair, roof or chimneys deteriorating, wood surfaces unpainted or decaying, garages or porches not well maintained and yards, basements, hallways or attics not kept clean and free from rubbish and litter	<u>.313.324</u>	<u>.156.160</u>	<u>.074.076</u>
e. Exposure: For adjoining properties of an exceptionally hazardous nature	<u>.156.160</u>	<u>.074.076</u>	<u>.039.040</u>