



Insurance & Banking Subcommittee

**Wednesday, January 23, 2013
3:00 PM
404 HOB**



The Florida House of Representatives

Regulatory Affairs Committee

Insurance & Banking Subcommittee

Will Weatherford
Speaker

Bryan Nelson
Chair

AGENDA

Wednesday, January 23, 2013

404 HOB

3:00 p.m. – 5:00 p.m.

- I. Call to Order
- II. Roll Call
- III. Welcome and Opening Remarks
- IV. Presentation and Discussion relating to property insurance rate filing and reviews.
 - A. *Ken Ritzenthaler*
Actuary, Associate of the Casualty Actuarial Society
Florida Office of Insurance Regulation
- V. Public Testimony
- VI. Closing Remarks
- VII. Adjournment

I-FILE

Standardized Rate Indication Workbook

Homeowners, Mobile Homeowners, Dwelling Fire

House Insurance & Banking Subcommittee

January 23, 2013

Ken Ritzenthaler, Actuary
Property & Casualty Product Review

Overview of the Property & Casualty Rate Review Process

Philosophy of the Homeowners Rate Review Process:

- The Office's philosophy is guided by Florida's rating law (S. 627.062, F.S.), the Florida Administrative Code, actuarial standards and principles.
- The Office does not "approve" or "disapprove" the method an insurer uses to derive their proposed rates.
- The Office makes a determination during the rate review process as to whether or not the actual proposed rates are excessive, inadequate or unfairly discriminatory.
- The Office must accept a rate filing request if it complies with the law, and is adequately supported by actuarial justification



Overview of the Property & Casualty Rate Review Process

Evaluation Criteria Used During the Process:

The evaluation process involves a review of the company's actuarial justification for a proposed rate increase/decrease, including an analysis of the company's book of business, and the anticipated future expenses.

Some areas for analysis include:

- Past & Prospective Loss Experience
- Past & Prospective Expenses
- Investment Income
- Cost of Reinsurance
- Margin for Underwriting Profit and Contingency
- Other Factors that Influence the Frequency or Severity of Claims



Overview of the Property & Casualty Rate Review Process

Components of a Rate Filing:

A company submits supporting documentation deemed to be relevant to the company's rate request.

Information usually required for any rate filing:

- Cover Letter and Explanatory Memorandum
- Statewide Indication Form to Support Statewide Change
- Territorial Support Information to Show Proposed Rate Adjustments
- Support Documentation for Reinsurance Costs
- Support Documentation for Catastrophe Models Used (if applicable)
- Any Changes to Underwriting Rules
- Underwriting and Pricing Components for Credit Scoring (if applicable)
- Required certifications Signed by Actuaries and Company Officers



Sample Company Rate Indication Worksheet*

STATE OF FLORIDA - OFFICE OF INSURANCE REGULATION HOMPROF STANDARDIZED RATE INDICATIONS WORKBOOK													
RATE INDICATIONS													
GROUP NAME:		PROGRAM NAME: Homeowners		POLICY TYPE: HO-3		COMPANY(S):		(A) Latest Accident Year Ending Date: 12/31/11					
PRODUCT TYPE: Homeowners								(B) Annual Premium Trend: 1.1%					
PRODUCT SUB-TYPE: FLA								(C) Annual Loss Trend (Sp to Date): 7.4%					
STATE: Florida Experience Only								(D) Annual Loss Trend (Projected): 7.4%					
								(E) Avg. Acc. Date for Proj. Rates: 06/01/11					
PREMIUMS:													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	NOTES:					
Accident Year Ending	Months of Months of	Earned House- Years	Written Premiums (\$000's)	Earned Premiums (\$000's)	Constant Rate Level Factors	Premium Trend Factors	Trended Earned Premiums at C.R.L. Factors						
12/31/2007	63	56,662	\$114,881	\$127,500	1.244	1.079	\$183,342						
12/31/2008	51	55,742	\$8,019	\$11,234	1.244	1.087	147,870						
12/31/2009	78	57,800	\$7,424	\$3,659	1.441	1.055	139,568						
12/31/2010	27	60,830	108,254	100,000	1.387	1.044	145,852						
12/31/2011	10	60,820	109,460	100,000	1.201	1.032	136,930						
TOTAL		291,200	\$519,180	\$526,845			\$133,471						
ACTUAL LOSSES:													
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
Accident Year Ending	ACTUAL INCURRED LOSSES (\$000's)			ACTUAL INCURRED ALAE (\$000's)			INCURRED ULAE (\$000's)			Actual Incurred Loss & LAE Excl. Cata (\$000's)			
	Incl. Cata	Non-Hur. Cat	Hurricane Cat	Excl. Cata	Incl. Cata	Non-Hur. Cat	Hurricane Cat	Excl. Cata	Incl. Cata	Non-Hur. Cat	Hurricane Cat	Excl. Cata	
12/31/2007	\$21,514	\$,371	\$0	\$21,143	\$3,188	\$0	\$0	\$2,177	\$21,143	\$,371	\$0	\$0	\$21,514
12/31/2008	29,854	2,172	\$0	26,682	3,248	\$0	\$0	2,878	29,854	2,172	\$0	\$0	30,026
12/31/2009	29,854	71	\$0	29,831	3,523	\$0	\$0	3,909	29,854	71	\$0	\$0	34,038
12/31/2010	33,209	0	\$0	33,209	5,072	\$0	\$0	5,871	33,209	0	\$0	\$0	38,606
12/31/2011	29,248	1,811	\$0	27,437	3,375	\$0	\$0	3,813	29,248	1,811	\$0	\$0	31,059
TOTAL	\$155,680	\$4,425	\$0	\$151,255	\$19,136	\$0	\$0	\$20,648	\$155,680	\$4,425	\$0	\$0	\$159,105
PROJECTED CATASTROPHE LOSSES:													
(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)		
Accident Year Ending	PROJECTED NON-HURR. CAT (\$000's)			POLICY IN-FORCE DATA - INSERT APPLICABLE DATE IN YELLOW HIGHLIGHTED CELL -			POLICY IN-FORCE DATA - INSERT APPLICABLE DATE IN YELLOW HIGHLIGHTED CELL -			POLICY IN-FORCE DATA - INSERT APPLICABLE DATE IN YELLOW HIGHLIGHTED CELL -			
	Losses (\$000's)	ALAE (\$000's)	ULAE (\$000's)	Losses & ALAE & ULAE (\$000's)	12/31/2011 POLICES IN-FORCE	PREMIUM IN-FORCE AT C.R.L. (\$000's)	PREMIUM IN-FORCE AT C.R.L. (\$000's)	Projected HURRICANE Losses (\$000's)	Projected HURRICANE ALAE (\$000's)	Projected HURRICANE ULAE (\$000's)	Projected HURRICANE Loss & LAE (\$000's)		
12/31/2007	\$1,057	\$,755	\$0	\$1,812									
12/31/2008	\$1,204	\$147	\$0	\$1,351									
12/31/2009	\$1,281	\$153	\$0	\$1,434									
12/31/2010	\$1,307	\$162	\$0	\$1,469									
12/31/2011	\$1,552	\$137	\$0	\$1,689									
TOTAL	\$6,411	\$722	\$0	\$7,133	\$8,235	\$2,311	\$,000,000	\$,000,000	\$,000,000	\$,000,000	\$,000,000		
DEVELOPMENT OF PROJECTED LOSS & LAE RATIO:													
(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)		
Accident Year Ending	Actual Incurred Loss & LAE Excl. Cata (\$000's)	Development Factors	Trended & Developed Incurred Loss & LAE Excl. Cata (\$000's)	Projected Incurred Loss & LAE Excl. Cata (\$000's)	Bad Faith/ Punitive Dam. Excl. (\$000's)	Projected Incurred Loss & LAE Excl. Cata (\$000's)	Adjustment for Loss Etc. (\$000's)	Final Adjusted Incurred Loss & LAE Excl. Cata (\$000's)	Projected Incurred Loss & LAE Excl. Cata (\$000's)	Selected Account Year Weights	Weighted Proj. Incurred Loss & LAE Excl. (\$000's)		
12/31/2007	\$23,528	1.00	\$23,528	\$39,689	\$0	\$39,689	0.91	\$37,753	\$39,689	23.1%	10.0%		
12/31/2008	30,026	1.04	\$31,026	\$47,807	\$0	\$47,807	0.90	\$45,078	\$47,807	20.8%	15.0%		
12/31/2009	34,038	1.08	\$36,822	\$50,632	\$0	\$50,632	0.92	\$46,871	\$50,632	33.8%	20.0%		
12/31/2010	38,606	1.04	\$40,292	\$47,705	\$0	\$47,705	0.90	\$42,927	\$47,705	33.8%	25.0%		
12/31/2011	31,059	1.04	\$32,324	\$45,718	\$0	\$45,718	0.93	\$42,507	\$45,718	31.3%	30.0%		
TOTAL	\$167,267		\$173,972	\$228,549	\$0	\$228,549		\$222,305	\$228,549	30.3%	31.5%		
PROSPECTIVE EXPENSE PROVISIONS (% OF PREMIUM):													
(46)	(47)	(48)	(49)	DEVELOPMENT OF RATE LEVEL INDICATIONS:									
Category of Expected Expense	Fixed Expense Loading	Variable Expense Loading	Total Expense Loading	(50)	19.7%	Projected Hurricane Loss & LAE ratio	(51)	51.2%	Proj. Incurred Loss & LAE Ratio (incl. all catastrophes)	(52)	18.4%	Expected Fixed Expense Ratio	
Commission	0.0%	22.5%	22.5%	(53)	33.1%	Expected Variable Expense Ratio	(54)	4.4%	Rate Level Indication (Before Creditability)	(55)	1.00	Credibility	
Other Acquisition	0.0%	1.0%	1.0%	(56)	6.2%	Expected Annual Hit Trend	(57)	1.00	Assumed Number of Years Since Last Rate Review	(58)	6.2%	Expected Hit Trend Since Last Rate Review (Value receives complement of credibility)	
General	0.2%	0.7%	0.9%	(59)	4.4%	Credibility Weighted Rate Level Indication	(59A)	6.7%	Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction	(59B)	10.8%	Rate Level Indication including (59A)	
Recovery/Tax	0.0%	1.4%	1.4%	(60)	10.8%	Company Selected Rate Change							
Profit & Contingency	0.0%	4.1%	4.1%										
Contingent Commissions	0.0%	0.0%	0.0%										
Non-FINCF Reins. Cost**	16.5%	3.2%	19.7%										
FINCF Reins. Cost	1.7%	0.0%	1.7%										
Other Expense (Specify*)	0.0%	0.0%	0.0%										
TOTAL EXPENSES	19.4%	33.1%	51.5%										
PERMISSIBLE LOSS & LAE			45.9%										
* Must reflect trend and/or other adjustments since last filing													
** (Specify in detail here)													
*** This cost must exclude the Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction. The Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction must be included in (59A).													

*The following slides show enlarged portions of this worksheet.



FLORIDA OFFICE OF INSURANCE REGULATION

Sample Company Rate Indication Worksheet

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
 HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

GROUP NAME:	
PRODUCT TYPE:	Homeowners
STATE:	Florida Experience Only

PROGRAM NAME:	Homeowners
POLICY TYPE:	HO-3
COMPANY(IES):	

(A) Latest Accident Year Ending Date:	12/31/11
(B) Annual Premium Trend:	1.1%
(C) Annual Loss Trend (Up-to-Date):	7.4%
(D) Annual Loss Trend (Projected):	7.4%
(E) Avg. Acc. Date for Proj. Rates:	06/01/14

PREMIUMS:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Accident Year Ending	Months of Maturity	Earned House-Years	Written Premiums (\$000's)	Earned Premiums (\$000's)	Current Rate Level Factors (SUPPORT!)	Premium Trend Factors	Trended Earned Premiums at C.R.L. (\$000's)
12/31/2007	63	56,662	\$114,987	\$121,508	1.246	1.079	\$163,242
12/31/2008	51	55,745	94,012	101,594	1.364	1.067	147,870
12/31/2009	39	57,909	92,424	93,059	1.421	1.055	139,568
12/31/2010	27	60,830	108,294	100,006	1.397	1.044	145,852
12/31/2011	15	60,053	109,464	109,878	1.207	1.032	136,938
TOTAL		291,200	\$519,180	\$526,045			\$733,471



Sample Company Rate Indication Worksheet

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

ACTUAL LOSSES

(1)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
	ACTUAL INCURRED LOSSES (\$000's)				ACTUAL INCURRED ALAE (\$000's)				INCURRED ULAE (\$000's)				Actual Incurred
Accident Year Ending	Non-Hurr.		Hurricane	Excl. Cats.	Non-Hurr.		Hurricane	Excl. Cats.	Incl. Cats.	Non-Hurr. Cat.	Hurricane Cat.	Excl. Cats.	Loss & LAE Excl. Cats. (\$000's)
	Incl. Cats.	Cat.	Cat.		Incl. Cats.	Cat.	Cat.		(SUPPORT!)	(SUPPORT!)	(SUPPORT!)		
12/31/2007	\$21,517	\$378	\$0	\$21,140	\$2,185	\$8	\$0	\$2,177	\$213	\$2	\$0	\$211	\$23,528
12/31/2008	29,053	2,173	0	26,879	3,249	371	0	2,878	280	11	0	269	30,026
12/31/2009	29,904	73	0	29,831	3,923	15	0	3,909	299	0	0	298	34,038
12/31/2010	33,208	5	0	33,203	5,072	1	0	5,071	332	0	0	332	38,606
12/31/2011	29,248	1,813	0	27,436	3,979	166	0	3,813	283	9	0	274	31,523
TOTAL	\$142,930	\$4,441	\$0	\$138,489	\$18,408	\$560	\$0	\$17,847	\$1,407	\$22	\$0	\$1,385	\$157,721



Sample Company Rate Indication Worksheet

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
 HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

PROJECTED CATASTROPHE LOSSES:

(1)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
PROJECTED NON-HURR. CAT (\$000's)					--- POLICY IN-FORCE DATA --- INSERT APPLICABLE DATE IN YELLOW HIGHLIGHTED CELL ---							
Accident Year Ending	Losses	ALAE	ULAE	Losses & ALAE & ULAE	12/31/2011	POLICIES IN-FORCE	PREMIUM IN-FORCE	IN-FORCE AT C.R.L.	Projected HURRICANE Losses (\$000's)	Projected HURRICANE ALAE (\$000's)	Projected HURRICANE ULAE (\$000's)	Projected HURRICANE Loss & LAE (\$000's)
12/31/2007	\$1,005	\$123	\$5	\$1,132	IN-FORCE		AT C.R.L.	(\$000's)	Losses (\$000's)	ALAE (\$000's)	ULAE (\$000's)	Loss & LAE (\$000's)
12/31/2008	\$1,206	\$147	\$6	\$1,359		POLICIES IN-FORCE		POLICIES (\$000's)				
12/31/2009	\$1,251	\$153	\$6	\$1,410	ALL POLICIES	THAT INCL WIND	ALL POLICIES	THAT INCL WIND				
12/31/2010	\$1,327	\$162	\$7	\$1,496								
12/31/2011	\$1,122	\$137	\$6	\$1,265			(SUPPORT!)	(SUPPORT!)	(SUPPORT!)	(SUPPORT!)	(SUPPORT!)	
TOTAL	\$5,911	\$722	\$30	\$6,662	58,235	56,313	\$129,594	\$126,039	\$23,511	\$1,911	\$118	\$25,540



Sample Company Rate Indication Worksheet

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION

HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

DEVELOPMENT OF PROJECTED LOSS & LAE RATIO:

(1)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)
Accident Year Ending	Actual Loss & LAE Incurred Excl. Cats. (\$000's)	Loss & ALAE Development Factors (SUPPORT!)	Loss Trend Factors	Trended & Developed Incurred Loss & LAE Excl. Cats. (\$000's)	Projected Incurred Loss & LAE Incl. Non-Hurr Cat (\$000's)	Bad Faith/Punitive Damage Loss & ALAE Incl. in (34) (\$000's)	Projected Incurred Loss & LAE Incl. Non-Hurr Cat. Excl. BF/PD (\$000's)	Adjustment Factor for Law Changes, Etc. (SUPPORT!)	Final Adjusted Expected Incurred Loss & LAE (\$000's)	Projected Incurred Loss & LAE Ratio Incl. Non-Hurr Cat (\$000's)	Selected Accident Year Weights (SUPPORT!)	Weighted Proj. Incurred Loss & LAE Incl. Non-Hurr Cat Excl. BF/PD
12/31/2007	\$23,528	1.000	1.639	\$38,555	\$39,687	\$0	\$39,687	0.951	\$37,753	23.1%	10.0%	
12/31/2008	30,026	1.014	1.526	46,448	\$47,807	0	47,807	0.953	45,579	30.8%	15.0%	
12/31/2009	34,038	1.018	1.421	49,222	\$50,632	0	50,632	0.925	46,815	33.5%	20.0%	
12/31/2010	38,606	1.042	1.323	53,209	\$54,705	0	54,705	0.900	49,252	33.8%	25.0%	
12/31/2011	31,523	1.145	1.232	44,453	\$45,718	0	45,718	0.939	42,907	31.3%	30.0%	
TOTAL	\$157,721			\$231,887	\$238,549	\$0	\$238,549		\$222,305	30.3%	100.0%	31.5%



Sample Company Rate Indication Worksheet

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

PROSPECTIVE EXPENSE PROVISIONS (% OF PREMIUM):

(46)	(47)	(48)	(49)
Category of Expected Expense	Fixed Expense Loading * (SUPPORT!)	Variable Expense Loading (SUPPORT!)	Total Expense Loading
Commissions	0.0%	22.5%	22.5%
Other Acquisition	0.0%	1.0%	1.0%
General	0.2%	0.7%	0.9%
Premium Taxes	0.0%	1.6%	1.6%
Misc. Licenses & Fees	0.0%	0.0%	0.0%
Profit & Contingency	0.0%	4.1%	4.1%
Contingent Commissions	0.0%	0.0%	0.0%
Non-FHCF Reins. Cost***	16.5%	3.2%	19.7%
FHCF Reins. Cost	1.7%	0.0%	1.7%
Other Expense (Specify**)	0.0%	0.0%	0.0%
TOTAL EXPENSES	18.4%	33.1%	51.5%
PERMISSIBLE LOSS & LAE			48.5%
* - Must reflect trend and/or other adjustments since last filing			
** - (Specify in detail here)			
*** This cost must exclude the Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction. The Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction must be included in (59A).			

DEVELOPMENT OF RATE LEVEL INDICATIONS:

(50)	19.7%	Projected Hurricane Loss & LAE ratio
(51)	51.2%	Proj. Incurred Loss & LAE Ratio (Incl. all catastrophes)
(52)	18.4%	Expected Fixed Expense Ratio
(53)	33.1%	Expected Variable Expense Ratio
(54)	4.1%	Rate Level Indication (Before Credibility)
(55)	1.00	Credibility (SUPPORT!)
(56)	6.2%	Expected Annual Net Trend (i.e., Projected Loss Trend Net of Premium Trend)
(57)	1.00	Assumed Number of Years Since Last Rate Review
(58)	6.2%	Expected Net Trend Since Last Rate Review (Value receives complement of credibility)
(59)	4.1%	Credibility-Weighted Rate Level Indication
(59A)	6.7%	Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction (SUPPORT!)
(59B)	10.8%	Rate Level Indication including (59A)
(60)	10.8%	Company Selected Rate Change



Proposed Average Premium Breakdown

Statewide, Palm Beach (Rem. Terr. 38), Alachua (Terr. 192)

**PROPOSED AVERAGE PREMIUM BREAKDOWN
HOUSE INSURANCE AND BANKING SUBCOMMITTEE
JANUARY 23, 2013**

	STATEWIDE		Palm Beach, Rem. Terr 38		Alachua, Terr 192	
	PERCENT	PROPOSED AVERAGE PREMIUM	PERCENT	PROPOSED AVERAGE PREMIUM	PERCENT	PROPOSED AVERAGE PREMIUM
Total Premium		\$2,483		\$4,115		\$1,559
MGA fee		\$25		\$25		\$25
Premium minus MGA fee		\$2,458		\$4,090		\$1,534
Commissions (MGA)	22.5%	\$553	22.5%	\$920	22.5%	\$345
Other Acquisition	1.0%	\$25	1.0%	\$41	1.0%	\$15
General	0.9%	\$22	0.9%	\$37	0.9%	\$14
Premium Tax	1.6%	\$39	1.6%	\$65	1.6%	\$25
Total Expenses	26.0%	\$639	26.0%	\$1,063	26.0%	\$399
Profit & Contingency	4.1%	\$101	4.1%	\$168	4.1%	\$63
Non-FHCF Reinsurance	19.7%	\$484	22.8%	\$933	12.6%	\$193
FHCF Reinsurance	1.7%	\$42	2.6%	\$106	0.7%	\$11
Cost of TICL Replacement	6.7%	\$165	8.0%	\$327	3.8%	\$58
Total Reinsurance	28.1%	\$691	33.4%	\$1,366	17.1%	\$262
Losses	41.8%	\$1,027	36.5%	\$1,493	52.8%	\$810
Total	100.0%	\$2,458	100.0%	\$4,090	100.0%	\$1,534

TERRITORY DEFINITIONS:

Palm Beach, Remainder, Territory 38 is defined to be all areas west of the Intracoastal Waterway in Palm Beach County.
Alachua, Territory 192 is defined to be all of Alachua County.



Contact Information:

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Property & Casualty Product Review
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APPENDIX



DEFINITIONS:

- **Accident Year Data** – a method of arranging loss and policy data so that all losses associated with accidents occurring during a given calendar year and all premium earned during that same calendar year are being compared.
- **Earned House Years** – that portion of the total number of policies written for which coverage has already been provided as of a specified point in time.
- **Written Premium** – total premium associated with policies that were issued during a specified time period.
- **Earned Premium** – that portion of the written premium for which coverage has already been provided as of a specified point in time.
- **Current Rate Level (C.R.L.)** – premium data must be brought to the current rate level by adjusting historical premiums for rate changes that have happened since the premium was collected. These adjustments are made using Current Rate Level Factors.
- **Premium Trend** – the average premium level can change over time due to changes in the characteristics of the policies written (e.g., the amount of homeowners insurance purchased increases annually with inflation). Premium Trend Factors are used to adjust the earned premium to incorporate these expected changes.
- **Loss Trend** – changes in the historical experience of claim size and claim frequency. Loss Trend Factors are used to project historical losses into the future.
- **Actual Incurred Losses** – the total amount of paid claims and loss reserves associated with a specified time period.
- **Projected Incurred losses** – estimate of what the total paid claims and loss reserves would be for a specified time period.
- **ALAE** – Allocated Loss Adjustment Expenses are claim related expenses that are directly attributable to a specific claim (e.g., fees associated with outside legal counsel hired to defend a claim).
- **ULAE** – Unallocated Loss Adjustment Expenses are claim related expenses that cannot be directly assigned to a specific claim (e.g., salaries of claim department personnel).
- **LAE** – Loss Adjustment Expense is the cost of settling claims; includes allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE).
- **In-Force Premium** – total premium for all active (in-force) policies at a specified time.
- **In-Force Policy Count** – total number of active (in-force) policies at a specified time.
- **Loss & ALAE Development** – as claims mature, payments are made and additional information is gathered about the value of the loss until a final payment is made and the ultimate amount is known. This process can take some time, so Loss & ALAE Development Factors are used to adjust historical losses to their ultimate level.
- **Fixed Expense** – an expense that does not vary with the amount of premium collected (e.g., rent, utilities, salaries).
- **Variable Expense** – an expense that does vary with the amount of premium collected (e.g., commission).
- **Credibility**—based on the size of the observed data set, credibility is a measure of how much “belief” you have in your data. This measure is used to blend the observed data with other related data to improve the estimate.



Rate Indication Workbook - Blank Form

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
 HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

STATE EXHIBIT 1
 SHEET 1

RATE INDICATIONS

GROUP NAME:	ABC Ins. Group
PRODUCT TYPE:	Homeowners
PRODUCT SUB-TYPE:	N/A
STATE:	Florida Experience Only

PROGRAM NAME:	Ultra-Preferred*
POLICY TYPE:	HO-2+HO-3*
COMPANY(IES):	XINS+XIND*

(A) Latest Accident Year Ending Date:	12/31/07
(B) Annual Premium Trend:	0.0%
(C) Annual Loss Trend (Up-to-Date):	0.0%
(D) Annual Loss Trend (Projected):	0.0%
(E) Avg. Acc. Date for Proj. Rates:	01/01/10

PREMIUMS:

(1) Accident Year Ending	(2) Months of Maturity	(3) Earned House-Years	(4) Written Premiums (\$000's)	(5) Earned Premiums (\$000's)	(6) Current Rate Level Factors (SUPPORT)	(7) Premium Trend Factors	(8) Trended Earned Premiums at C.R.L. (\$000's)
12/31/2003	63	10,000	\$10,000	\$10,000	1.000	1.000	\$10,000
12/31/2004	51	10,000	10,000	10,000	1.000	1.000	10,000
12/31/2005	39					1.000	0
12/31/2006	27					1.000	0
12/31/2007	15					1.000	0
TOTAL		20,000	\$20,000	\$20,000			\$20,000

NOTES:

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ACTUAL LOSSES:

(1) Accident Year Ending	(9)----- ACTUAL INCURRED LOSSES (\$000's)-----				(13)----- ACTUAL INCURRED ALAE (\$000's)-----				(17)----- INCURRED ULAE (\$000's)-----				(21) Actual Incurred Loss & LAE Excl. Cats. (\$000's)
	Incl. Cats.	Non-Hurr. Cat.	Hurricane Cat.	Excl. Cats.	Incl. Cats.	Non-Hurr. Cat.	Hurricane Cat.	Excl. Cats.	Incl. Cats. (SUPPORT)	Non-Hurr. Cat. (SUPPORT)	Hurricane Cat. (SUPPORT)	Excl. Cats.	
12/31/2003	\$5,000	\$0	\$0	\$5,000	\$1,000	\$0	\$0	\$1,000	\$1,000	\$0	\$0	\$1,000	\$7,000
12/31/2004	5,000	0	0	5,000	1,000	0	0	1,000	1,000	0	0	1,000	7,000
12/31/2005	0	0	0	0	0	0	0	0	0	0	0	0	0
12/31/2006	0	0	0	0	0	0	0	0	0	0	0	0	0
12/31/2007	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$10,000	\$0	\$0	\$10,000	\$2,000	\$0	\$0	\$2,000	\$2,000	\$0	\$0	\$2,000	\$14,000

PROJECTED CATASTROPHE LOSSES:

(1) Accident Year Ending	(22)---PROJECTED NON-HURR. CAT (\$000's)---			
	Losses (SUPPORT)	ALAE (SUPPORT)	ULAE (SUPPORT)	Losses & ALAE & ULAE
12/31/2003	\$0	\$0	\$0	\$0
12/31/2004	0	0	0	0
12/31/2005	0	0	0	0
12/31/2006	0	0	0	0
12/31/2007	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0

(26)--- POLICY IN-FORCE DATA --- INSERT APPLICABLE DATE IN YELLOW HIGHLIGHTED CELL ---							
(26) POLICIES IN-FORCE	(27) POLICIES IN-FORCE	(28) PREMIUM IN-FORCE AT C.R.L. (\$000's)	(29) PREMIUM IN-FORCE AT C.R.L. (\$000's)	(30) Projected HURRICANE Losses (\$000's)	(31) Projected HURRICANE ALAE (\$000's)	(32) Projected HURRICANE ULAE (\$000's)	(33) Projected HURRICANE Loss & LAE (\$000's)
ALL POLICIES	THAT INCL WIND	ALL POLICIES	INCL WIND	(SUPPORT)	(SUPPORT)	(SUPPORT)	(SUPPORT)
		\$0	\$0	\$0	\$0	\$0	\$0

DEVELOPMENT OF PROJECTED LOSS & LAE RATIO:

(1) Accident Year Ending	(34) Actual Incurred Loss & LAE Excl. Cats. (\$000's)	(35) Loss & ALAE Development Factors (SUPPORT)	(36) Loss Trend Factors	(37) Trended & Developed Incurred Loss & LAE Excl. Cats. (\$000's)
12/31/2003	\$7,000	1.000	1.000	\$7,000
12/31/2004	7,000	1.000	1.000	7,000
12/31/2005	0		1.000	0
12/31/2006	0		1.000	0
12/31/2007	0		1.000	0
TOTAL	\$14,000			\$14,000

(38) Projected Incurred Loss & LAE Incl. Non-Hurr Cat (\$000's)	(39) Bad Faith/Punitive Loss & ALAE Incl. in (34) (\$000's)	(40) Projected Incurred Loss & LAE Incl. Excl. BF/PD (\$000's)	(41) Adjustment Factor for Law Changes, Etc. (SUPPORT)	(42) Final Adjusted Expected Incurred Loss & LAE (\$000's)	(43) Projected Incurred Loss & LAE Ratio Incl. Non-Hurr Cat (\$000's)	(44) Selected Accident Year Weights (SUPPORT)	(45) Weighted Proj. Incurred Loss & LAE Incl. Non-Hurr Cat (\$000's)
\$7,000	\$0	\$7,000	1.000	\$7,000	70.0%	50.0%	\$7,000
\$7,000	0	7,000	1.000	7,000	70.0%	50.0%	7,000
\$0	0	0		0	0.0%		0
\$0	0	0		0	0.0%		0
\$0	0	0		0	0.0%		0
TOTAL	\$14,000	\$14,000		\$14,000	70.0%	100.0%	\$14,000

PROSPECTIVE EXPENSE PROVISIONS (% OF PREMIUM):

(46) Category of Expected Expense	(47) Fixed Expense Loading* (SUPPORT)	(48) Variable Expense Loading (SUPPORT)	(49) Total Expense Loading
Commissions	0.0%	0.0%	0.0%
Other Acquisition	0.0%	0.0%	0.0%
General	0.0%	0.0%	0.0%
Premium Taxes	0.0%	0.0%	0.0%
Misc. Licenses & Fees	0.0%	0.0%	0.0%
Profit & Contingency	0.0%	0.0%	0.0%
Contingent Commissions	0.0%	0.0%	0.0%
Non-FHCF Reins. Cost***	0.0%	0.0%	0.0%
FHCF Reins. Cost	0.0%	0.0%	0.0%
Other Expense (Specify**)	0.0%	0.0%	0.0%
TOTAL EXPENSES	0.0%	0.0%	0.0%
PERMISSIBLE LOSS & LAE			100.0%

* - Must reflect trend and/or other adjustments since last filing
 ** - (Specify in detail here)
 *** This cost must exclude the Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction. The Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction must be included in (59A).

DEVELOPMENT OF RATE LEVEL INDICATIONS:

(50)	0.0%	Projected Hurricane Loss & LAE ratio
(51)	70.0%	Proj. Incurred Loss & LAE Ratio (Incl. all catastrophes)
(52)	0.0%	Expected Fixed Expense Ratio
(53)	0.0%	Expected Variable Expense Ratio
(54)	-30.0%	Rate Level Indication (Before Credibility)
(55)	0.50	Credibility (SUPPORT)
(56)	0.0%	Expected Annual Net Trend (i.e., Projected Loss Trend Net of Premium Trend)
(57)	1.00	Assumed Number of Years Since Last Rate Review
(58)	0.0%	Expected Net Trend Since Last Rate Review (Value receives complement of credibility)
(59)	-15.0%	Credibility-Weighted Rate Level Indication
(59A)	0.0%	Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction (SUPPORT)
(59B)	-15.0%	Rate Level Indication including (59A)
(60)	0.0%	Company Selected Rate Change

Rate Indication Workbook - Completed Form

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
 HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

RATE INDICATIONS

GROUP NAME:	
PRODUCT TYPE:	Homeowners
PRODUCT SUB-TYPE:	N/A
STATE:	Florida Experience Only

PROGRAM NAME:	Homeowners
POLICY TYPE:	HO-3
COMPANY(IES):	

(A) Latest Accident Year Ending Date:	12/31/11
(B) Annual Premium Trend:	1.1%
(C) Annual Loss Trend (Up-to-Date):	7.4%
(D) Annual Loss Trend (Projected):	7.4%
(E) Avg. Acc. Date for Proj. Rates:	06/01/14

PREMIUMS:

(1) Accident Year Ending	(2) Months of Maturity	(3) Earned House-Years	(4) Written Premiums (\$000's)	(5) Earned Premiums (\$000's)	(6) Current Rate Level Factors (SUPPORT)	(7) Premium Trend Factors	(8) Trended Earned Premiums at C.R.L. (\$000's)
12/31/2007	63	56,662	\$114,987	\$121,508	1.246	1.079	\$163,242
12/31/2008	51	55,745	94,012	101,594	1.364	1.067	147,870
12/31/2009	39	57,909	92,424	93,059	1.421	1.055	139,568
12/31/2010	27	60,830	108,294	100,006	1.397	1.044	145,852
12/31/2011	15	60,053	109,464	109,878	1.207	1.032	136,938
TOTAL		291,200	\$519,180	\$526,045			\$733,471

NOTES:

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ACTUAL LOSSES:

(1) Accident Year Ending	(9) ACTUAL INCURRED LOSSES (\$000's) -----				(13) ACTUAL INCURRED ALAE (\$000's) -----				(17) INCURRED ULAE (\$000's) -----				(21) Actual Incurred Loss & LAE Excl. Cats. (\$000's)
	Incl. Cats.	Non-Hurr. Cat.	Hurricane Cat.	Excl. Cats.	Incl. Cats.	Non-Hurr. Cat.	Hurricane Cat.	Excl. Cats.	Incl. Cats. (SUPPORT)	Non-Hurr. Cat. (SUPPORT)	Hurricane Cat. (SUPPORT)	Excl. Cats.	
12/31/2007	\$21,517	\$378	\$0	\$21,140	\$2,185	\$8	\$0	\$2,177	\$213	\$2	\$0	\$211	\$23,528
12/31/2008	29,053	2,173	0	26,879	3,249	371	0	2,878	280	11	0	269	30,026
12/31/2009	29,904	73	0	29,831	3,923	15	0	3,909	299	0	0	298	34,038
12/31/2010	33,208	5	0	33,203	5,072	1	0	5,071	332	0	0	332	38,606
12/31/2011	29,248	1,813	0	27,436	3,979	166	0	3,813	283	9	0	274	31,523
TOTAL	\$142,930	\$4,441	\$0	\$138,489	\$18,408	\$560	\$0	\$17,847	\$1,407	\$22	\$0	\$1,385	\$157,721

PROJECTED CATASTROPHE LOSSES:

(1) Accident Year Ending	(22) Losses (SUPPORT)	(23) ALAE (SUPPORT)	(24) ULAE (SUPPORT)	(25) Losses & ALAE & ULAE
12/31/2007	\$1,005	\$123	\$5	\$1,132
12/31/2008	\$1,206	\$147	\$6	\$1,359
12/31/2009	\$1,251	\$153	\$6	\$1,410
12/31/2010	\$1,327	\$162	\$7	\$1,496
12/31/2011	\$1,122	\$137	\$6	\$1,265
TOTAL	\$5,911	\$722	\$30	\$6,662

(26) POLICIES IN-FORCE	(27) POLICIES THAT INCL WIND	(28) PREMIUM IN-FORCE AT C.R.L. (\$000's)	(29) PREMIUM IN-FORCE THAT INCL WIND (SUPPORT)	(30) Projected HURRICANE Losses (\$000's)	(31) Projected HURRICANE ALAE (\$000's)	(32) Projected HURRICANE ULAE (\$000's)	(33) Projected HURRICANE Loss & LAE (\$000's)
12/31/2011							
58,235	56,313	\$129,594	\$126,039	\$23,511	\$1,911	\$118	\$25,540

DEVELOPMENT OF PROJECTED LOSS & LAE RATIO:

(1) Accident Year Ending	(34) Actual Incurred Loss & LAE Excl. Cats. (\$000's)	(35) Loss & ALAE Development Factors (SUPPORT)	(36) Loss Trend Factors	(37) Trended & Developed Loss & LAE Excl. Cats. (\$000's)
12/31/2007	\$23,528	1.000	1.639	\$38,555
12/31/2008	30,026	1.014	1.526	46,448
12/31/2009	34,038	1.018	1.421	49,222
12/31/2010	38,606	1.042	1.323	53,209
12/31/2011	31,523	1.145	1.232	44,453
TOTAL	\$157,721			\$231,887

(38) Projected Incurred Loss & LAE Non-Hurr Cat (\$000's)	(39) Bad Faith/Punitive Damage Incl. in (34) (\$000's)	(40) Projected Incurred Loss & LAE Non-Hurr Cat. Excl. BF/PD (\$000's)	(41) Adjustment Factor for Law Changes, Etc. (SUPPORT)	(42) Final Adjusted Expected Loss & LAE (\$000's)	(43) Projected Incurred Loss & LAE Ratio Non-Hurr Cat (\$000's)	(44) Selected Accident Year Weights (SUPPORT)	(45) Weighted Proj. Incurred Loss & LAE Non-Hurr Cat Excl. BF/PD
\$39,687	\$0	\$39,687	0.951	\$37,753	23.1%	10.0%	
\$47,807	0	47,807	0.953	45,579	30.8%	15.0%	
\$50,632	0	50,632	0.925	46,815	33.5%	20.0%	
\$54,705	0	54,705	0.900	49,252	33.8%	25.0%	
\$45,718	0	45,718	0.939	42,907	31.3%	30.0%	
\$238,549	\$0	\$238,549		\$222,305	30.3%	100.0%	31.5%

PROSPECTIVE EXPENSE PROVISIONS (% OF PREMIUM):

(46) Category of Expected Expense	(47) Fixed Expense Loading * (SUPPORT)	(48) Variable Expense Loading (SUPPORT)	(49) Total Expense Loading
Commissions	0.0%	22.5%	22.5%
Other Acquisition	0.0%	1.0%	1.0%
General	0.2%	0.7%	0.9%
Premium Taxes	0.0%	1.6%	1.6%
Misc. Licenses & Fees	0.0%	0.0%	0.0%
Profit & Contingency	0.0%	4.1%	4.1%
Contingent Commissions	0.0%	0.0%	0.0%
Non-FHCF Reins. Cost***	16.5%	3.2%	19.7%
FHCF Reins. Cost	1.7%	0.0%	1.7%
Other Expense (Specify**)	0.0%	0.0%	0.0%
TOTAL EXPENSES	18.4%	33.1%	51.5%
PERMISSIBLE LOSS & LAE			48.5%

* - Must reflect trend and/or other adjustments since last filing

** - (Specify in detail here)

*** This cost must exclude the Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction. The Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction must be included in (59A).

DEVELOPMENT OF RATE LEVEL INDICATIONS:

(50)	19.7%	Projected Hurricane Loss & LAE ratio
(51)	51.2%	Proj. Incurred Loss & LAE Ratio (Incl. all catastrophes)
(52)	18.4%	Expected Fixed Expense Ratio
(53)	33.1%	Expected Variable Expense Ratio
(54)	4.1%	Rate Level Indication (Before Credibility)
(55)	1.00	Credibility (SUPPORT)
(56)	6.2%	Expected Annual Net Trend (i.e., Projected Loss Trend Net of Premium Trend)
(57)	1.00	Assumed Number of Years Since Last Rate Review
(58)	6.2%	Expected Net Trend Since Last Rate Review (Value receives complement of credibility)
(59)	4.1%	Credibility-Weighted Rate Level Indication
(59A)	6.7%	Cost of Reinsurance to Replace available TICL Coverage including the TICL Reduction (SUPPORT)
(59B)	10.8%	Rate Level Indication including (59A)
(60)	10.8%	Company Selected Rate Change

Rate Indication Workbook - Homeowners Instructions

PRODUCT-SPECIFIC INSTRUCTIONS

For completing the Rate Indications Forms (RIFs)

INSTRUCTIONS SPECIFIC TO HO/MHO/DF:

- (a) Separate rate level indications and accompanying support on a statewide basis must be provided by program and policy type unless a series of programs and policy types bears uniform statewide factor relationships to each other. For those programs and policy types that do bear uniform statewide factor relationships to each other, combined rate level indications and support for such indications on a statewide basis can be provided along with supporting data for the proposed uniform statewide factor relationships.
- (b) Rate level indications and supporting data must be provided for each policy type within a program if rate changes are being requested for one or more of the policy types within the program.
- (c) For Dwelling Fire filings, the rate level indications can be shown separately by coverage or the coverages can be combined.
- (d) Absent any supporting data/information to the contrary, the OIR will conclude that each rate level indication is included in a range whose maximum is the rate level indication and whose minimum is the rate level indication adjusted to eliminate profit & contingencies and investment income.
- (e) If the total "Earned House Years" in item (3) of a RIF is 5,000 or less for all accident years combined:
In the "Inputs By RIF" sheet, specify "Insufficient Data Set" for the RIF
In the "Inputs By RIF" sheet, provide annual premium trend for the RIF (loss trend unnecessary)
In the respective RIF sheet, complete items (3), (4), (5), (6), (9), and (60) only (for item (6), the latest year only will suffice)
NOTE: You may choose to complete the entire RIF if you provide a valid reason for doing so.
- (f) The accident year "ACTUAL INCURRED LOSSES" and "ACTUAL INCURRED ALAE" included in the RIFs must be evaluated at 15, 27, 39, 51, and 63 months of maturity. The accident years used can end on December 31 or any other day of the year.
- (g) Partial accident years will not be accepted. **A partial accident year is one in which the first policy is not written on or before the first day of the accident year. An immature accident year is one in which the first policy is written less than one year before the first day of the accident year. An insurer is not required to include an immature accident year in the rate indications. If the insurer chooses to include an immature accident year, it should demonstrate that no adjustments are necessary or that appropriate adjustments have been made.**
- (h1) The cost of reinsurance must be included as a "net" expense factor. That is, it must consider the amount to be paid to the reinsurer, expected reinsurance recoveries, ceding commissions to be paid to the insurer by the reinsurer, and other relevant information specifically relating to cost such as a retrospective profit sharing agreement between the insurer and the reinsurer.
- (h2) **The cost of private reinsurance must be split into two components, "Non-FHCF Reins. Cost" and "Cost of Reinsurance to Replace available TICL coverage including the TICL Reduction". This split is necessary to satisfy the requirements of 627.0629(5), F.S. which do not allow the "Cost of Reinsurance to Replace the TICL Reduction" to include any expense or profit load or result in a total annual base rate increase in excess of 10%.**
- (i) If you are not recouping the reimbursement premiums you paid to the Florida Hurricane Catastrophe Fund (FHCF), the cost of reinsurance must include the "FHCF Reins. Cost" and the "Non-FHCF Reins. Cost". Supporting data must be provided separately for each of these elements and the tax-exempt status of the FHCF must be included. Also included in the supporting data must be a chart showing the attachment points of all the various layers of reinsurance including the FHCF reinsurance and support for each attachment point. This chart must clearly demonstrate that other reinsurance does not duplicate the coverage provided by the FHCF.
- (j) If you are recouping the reimbursement premiums you paid to the FHCF, the cost of reinsurance must not include the "FHCF Reins.Cost". Also, you must exclude the expected hurricane losses and loss adjustment expenses covered by the FHCF in the calculation of your rate level indications and you must exclude the reimbursement premiums collected from your policyholders in the calculation of your rate level indications. However, you must still provide the expected Hurricane loss and loss adjustment expenses losses covered by the FHCF and the reimbursement premiums you paid to the FHCF along with supporting data for these amounts. Finally, you must still provide a chart showing the attachment points of all the various layers of reinsurance including the FHCF reinsurance and support for each attachment point. This chart must clearly demonstrate that other reinsurance does not duplicate the coverage provided by the FHCF.
- (k) The use of contingent commissions as supporting data for rate changes is prohibited unless there is a contractual arrangement between the insurer and its agents concerning the payment of contingent commissions and the insurer demonstrates that it is not paying contingent commissions from profits higher than anticipated in its filings.
- (l) All rate level indications included in a filing must comply with the requirements included in this Standardized Rate Indications workbook.
- (m) Program name(s) must be consistent with those shown in the Rate Collection System (RCS).
- (n) Policy type(s) must include all policy types included in the rate level indication.
- (o) Coverage (Dwelling Fire only) must include all coverages included in the rate level indication.
- (p) Separately provide the following:
- (1) An exhibit that lists your rate level history and includes an explanation of the calculation of the "Current Rate Level Factors"
 - (2) Supporting data for the selected "Annual Premium Trend"
 - (3) Your definition of non-hurricane catastrophe losses
 - (4) An explanation of the derivation of the "INCURRED ULAE" amounts along with supporting Florida data.
 - (5) Supporting data for the selected "Annual Loss Trend (Up-to-Date)" and the "Annual Loss Trend (Projected)"
 - (6) Supporting data for the selected "Loss & ALAE Development Factors"
(Include Florida-only historical Loss & ALAE data consistent with the "ACTUAL INCURRED LOSSES Excl. Cats."
and the "ACTUAL INCURRED ALAE Excl. Cats." included in the indications)
 - (7) Detailed supporting data for the "PROJECTED NON-HURR. CAT." amounts
 - (8) Detailed supporting data for the "Projected HURRICANE Losses, ALAE, and ULAE" amounts.
The "Projected HURRICANE Losses" must be from a model accepted by the Florida Commission on Hurricane Loss Projection Methodology and may not be modified or adjusted.
The date of the policy in-force data (see yellow highlighted cell G51) should be same as the last day of the most recent accident year included on the Rate Indication Form.
If more current data is appropriate, provide it and explain why it is more appropriate.
 - (9) Supporting data for the "Selected Accident Year Weights"
 - (10) Supporting data for the selected "Credibility". Note - this Credibility is applied to the sum of the Proj. Incurred Loss & LAE Ratio (Incl. all catastrophes) plus the Expected Fixed Expense Ratio.
 - (11) Supporting data for the selected "Fixed Expense Loading" by category including the latest three years of historical data if available
 - (12) Supporting data for the selected "Variable Expense Loading" by category including the latest three years of historical data if available
 - (13) Supporting data for any "Adjustment Factor for Law Changes, Etc." other than 1.000
- (q) The selected "Profit & Contingency" expense loading must be consistent with Rule 690-170.003, F.A.C.
- (r) No expense loadings should be included for Florida Insurance Guaranty Association assessments, Citizens Property Insurance Corporation assessments, Florida Hurricane Catastrophe Fund premium payments, or Managing General Agent fees.
- (s) The "Total Expense Loading" by category must be consistent with the expense loadings shown in the Premium Breakdown section of the RCS submission.

Rate Indication Workbook - Formulas

STATE OF FLORIDA -- OFFICE OF INSURANCE REGULATION
HO/MHO/DF STANDARDIZED RATE INDICATIONS WORKBOOK

STATE EXHIBIT 1
SHEET G

FORMULAS APPEARING IN RATE INDICATIONS FORMS

(Information Purposes Only)

(^ denotes exponentiation)

$$(2) = [(A) - (1)] / 365.25 * 12 + 12.00$$

$$(7) = [1.00 + (B)] ^ \{[(E) - (1)] / 365.25 + 0.50\}$$

$$(8) = (5) \times (6) \times (7)$$

$$(12) = (9) - (10) - (11)$$

$$(16) = (13) - (14) - (15)$$

$$(20) = (17) - (18) - (19)$$

$$(21) = (12) + (16) + (20)$$

$$(25) = (22) + (23) + (24)$$

$$(33) = (30) + (31) + (32)$$

$$(34) = (21)$$

$$(36) = [1.00 + (C)] ^ \{[(A) - (1)] / 365.25\} \times [1.00 + (D)] ^ \{[(E) - (A)] / 365.25 + 0.5\}$$

$$(37) = (34) \times (35) \times (36)$$

$$(38) = (25) + (37)$$

$$(40) = (38) - (39)$$

$$(42) = (40) \times (41)$$

$$(43) = (42) / (8)$$

$$(45) = \text{sumproduct of (43) and (44)}$$

$$(49) = (47) + (48)$$

$$(50) = (33) / (28)$$

$$(51) = (45) + (50)$$

$$(52) = \text{total (47)}$$

$$(53) = \text{total (48)}$$

$$(54) = [(51) + (52)] / [1.00 - (53)] - 1.00$$

$$(56) = [1.00 + (D)] / [1.00 + (B)] - 1.00$$

$$(58) = [1.00 + (56)] ^ (57) - 1.00$$

$$(59) = [(54) \times (55)] + [(58) \times [1.00 - (55)]]$$

$$(59B) = (59) + (59A)$$