# PROSPECTIVE LOSS COSTS REFERENCE FILING - NDPC300

NORTH DAKOTA INSURANCE DEPARTMENT

SFN 51681(11/2003)

| Date |
|---|
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## Adoption of Advisory Organization Loss Costs

| |
|---|
| Insurer Name |
| Type of Insurance |
| Advisory Organization |
| Advisory Organization Reference Filing Number |

The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files to be deemed to have independently submitted as its own filing, the prospective loss costs in the captioned Reference filing.

The insurer's rates will be a combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

| |
|---|
| Rate Change due to Advisory Organization's revised reference filing % |
| Rate Change due to Insurer's revised Loss Cost Multiplier % |
| Total Rate Change % |
| Proposed Effective Date of Rate Change |

Attach "Summary of Supporting Information Form NDPC300 Page 2"
Use a separate summary for each insurer-selected loss cost multiplier.

Check one of the following:

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs.

☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

## Development of Loss Cost Multiplier

Insurer Name

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies

2. Loss Cost Modification

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing

CHECK ONE

☐ Without Modification.

☐ With the following modification. **Cite the nature and percent of modification, and attach supporting data and/or rationale for the modification.**

B. Loss Cost Modification Expressed as a Factor (see examples below)

| Current Modifier | Proposed Modifier |
|---|---|
| | |

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3 - 7 BELOW.

3. Development of Expected Loss Ratio

**An exhibit with supporting expense history must be attached. Five years of expense history is required for Fire insurance. Three years of expense history is required for all other lines.**

| | Current | Proposed |
|---|---|---|
| A. Total Production Expense | % | % |
| B. General Expense | % | % |
| C. Taxes, Licenses & Fees | % | % |
| D. Underwriting Profit & Contingencie | % | % |
| E. Other (Explain) | % | % |
| F. Total | % | % |
| 4. Expected Loss Ratio: ELR = 100% - 3F | % | % |
| 5. Company Formula Loss Cost Multiplier = (Proposed 2B / Proposed #4) | | |
| 6. Company Selected Loss Cost Multiplier | | |

Explain any differences between 5 and 6

7. Total Rate level change for the coverages to which this page applies ____ %

Example 1: If your company's loss cost modification is -10%, a factor (1.00 - .10) = .90 should be used.

Example 2: If your company's loss cost modification is +15%, a factor (1.00 + .15) = 1.15 should be used.

# Development of Loss Cost Multiplier with Fixed Expense Component

Insurer Name

3. Development of Expected Loss Ratio

**An exhibit with supporting expense history must be attached. Five years of expense history is required for Fire insurance. Three years of expense history is required for all other lines**

| | | Expense Provisions | |
|---|---|---|---|
| | Overall | Variable | Fixed |
| A. Total Production Expense | % | % | % |
| B. General Expense | % | % | % |
| C. Taxes, Licenses & Fees | % | % | % |
| D. Underwriting Profit & Contingencies | % | % | % |
| E. Other (Explain) | % | % | % |
| F. Total | % | % | % |

4A. Expected Loss Ratio: ELR = 100% - Overall 3F %

4B. Variable Expected Loss Ratio = 100% - Variable 3F %

5. Formula Expense Constant: [(1.00 / 4A) - (1.00 / 4B)] x Average Underlying Loss Cost %

6. Formula Variable Loss Cost Multiplier: (2B / 4B) %

7. Selected Expense Constant

8. Selected Variable Loss Cost Multiplier %

9. Explain any differences between 5 and 7, and 6 and 8

10. Total Rate level change for the coverages to which this page applies %