

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RATE FILING QUESTIONNAIRE
ADOPTION OF RATING ORGANIZATION PROSPECTIVE LOSS COSTS**

INSURER'S NAME _____

CONTACT PERSON FOR FILING _____

TITLE _____ TELEPHONE NUMBER (____) _____ EXT. _____

1. INSURER'S FILE NUMBER _____

2. ANNUAL STATEMENT PAGE 14 LINE(S) OF INSURANCE _____

3. SUBLINE/PROGRAM TITLE (IF APPLICABLE) _____

4. TYPE OF POLICIES INVOLVED: _____ OCCURRENCE _____ CLAIMS MADE _____ OTHER (DESCRIBE) _____

5. RATING ORGANIZATION _____

6. RATING ORGANIZATION'S REFERENCE FILING NUMBER _____
EFFECTIVE DATE _____ NCDOI FILE NUMBER _____

7. INSURER'S PROPOSED EFFECTIVE DATE(S): NEW _____ RENEWAL _____

8. INSURER'S APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S) INVOLVED: LINE _____ % LINE _____ %

9. AVERAGE RATE CHANGE PROPOSED: _____ %

The above insurer hereby declares that it is a _____ member, _____ subscriber or _____ service purchaser of the named rating organization for this line of insurance and 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 the combination of the prospective loss costs and the loss costs multiplier attached, and if utilized, expense constants.

CHECK ONE OF THE FOLLOWING:

The insurer files to have its loss cost multiplier(s) and, if utilized, expense constants be applicable to future revisions of the rating organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the rating organization's prospective loss costs and the insurer's loss costs multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies effective on or after the effective date of the rating organization's prospective loss costs. This authorization is effective until amended or withdrawn by the _____ insurer.

The insurer files to have its loss costs multiplier and, if utilized, expense constants be applicable only to the above rating organization reference filing.

The following are attached as part of the filing:

- Exhibits 1, 3, and 4.
- Exhibit 2 for each loss cost multiplier.
- Exhibit 5 if the rating organization's loss costs are modified. (i.e., loss cost modification factor is other than 1.000.)
- Five-year rate filing history including North Carolina Department of Insurance file #., effective date, and average rate change.

I certify that the information contained in this questionnaire is true and correct and the filing complies with statutory requirements to the best of my knowledge.

Signature of Company Officer/Filings Department Head

Date

EXHIBIT 1

EFFECT OF THE PROPOSED FILING ON ACTIVE FILINGS

NCDOI File #	Effective Date	Loss Cost Multiplier	Effect of Proposed Filing (Superseded, Modified or None)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXHIBIT 2

SUMMARY OF SUPPORTING INFORMATION

1. Line, Subline, Coverage, Territory, Class, etc. or combination to which this exhibit applies:

2. Loss Cost Modification:
 - A. The insurer hereby files to adopt the prospective loss costs in the captioned referenced filing:

_____ Without modification. (Factor = 1.000)
_____ With modification.

 - B. Loss Cost Modification Factor _____

3. Development of Expected Loss Ratio:

	Selected Provision
A. Commission & Brokerage	_____%
B. Other Acquisition	_____%
C. General Expense	_____%
D. Taxes, Licenses & Fees	_____%
E. Underwriting Profit & Contingencies	_____%
F. Other (explain)	_____%
G. TOTAL	_____%

 - 4A. Expected Loss Ratio (ELR = 100 - 3G) _____%
 - 4B. ELR in decimal Form (4A/100) _____
 5. Company Formula Loss Cost Multiplier (2B/4B) _____
 6. Company Selected Loss Cost Multiplier _____
Explain any differences between 5 and 6, other than rounding:

7. Rate level change for which this exhibit applies _____%

EXHIBIT 3

NORTH CAROLINA EXPERIENCE _____ Direct _____ Net

Year of Experience	_____	_____	_____
(1) Written Premiums	_____	_____	_____
(2) Earned Premiums	_____ 100%	_____ 100%	_____ 100%
(3) Incurred Loss and LAE	_____ %	_____ %	_____ %
(4) Total Production Expense	_____ %	_____ %	_____ %
(5) General Expense	_____ %	_____ %	_____ %
(6) Taxes, Licenses & Fees	_____ %	_____ %	_____ %
(7) Other	_____ %	_____ %	_____ %

Year of Experience	_____	_____	5-Years Combined
(1) Written Premiums	_____	_____	_____
(2) Earned Premiums	_____ 100%	_____ 100%	_____ 100%
(3) Incurred Loss and LAE	_____ %	_____ %	_____ %
(4) Total Production Expense	_____ %	_____ %	_____ %
(5) General Expense	_____ %	_____ %	_____ %
(6) Taxes, Licenses & Fees	_____ %	_____ %	_____ %
(7) Other	_____ %	_____ %	_____ %

COUNTRYWIDE EXPERIENCE _____ Direct _____ Net

Year of Experience	_____	_____	_____
(1) Written Premiums	_____	_____	_____
(2) Earned Premiums	_____ 100%	_____ 100%	_____ 100%
(3) Incurred Loss and LAE	_____ %	_____ %	_____ %
(4) Total Production Expense	_____ %	_____ %	_____ %
(5) General Expense	_____ %	_____ %	_____ %
(6) Taxes, Licenses & Fees	_____ %	_____ %	_____ %
(7) Other	_____ %	_____ %	_____ %

Year of Experience	_____	_____	5-Years Combined
(1) Written Premiums	_____	_____	_____
(2) Earned Premiums	_____ 100%	_____ 100%	_____ 100%
(3) Incurred Loss and LAE	_____ %	_____ %	_____ %
(4) Total Production Expense	_____ %	_____ %	_____ %
(5) General Expense	_____ %	_____ %	_____ %
(6) Taxes, Licenses & Fees	_____ %	_____ %	_____ %
(7) Other	_____ %	_____ %	_____ %

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

1. Target after tax rate of return _____%
2. Ratio of premium to surplus _____
3. Target rate of return as a percent of premium (1/2) _____%
4. Anticipated investment income as a percent of premium _____%
5. Target profit and Contingency provision (3-4) _____%
6. Company selected profit and contingency provision _____%

Explain any differences between 5 and 6, other than rounding:

7. Calculation of investment income is shown on Exhibit _____

EXHIBIT 5

SUPPORT FOR MODIFICATION OF LOSS COSTS

If this filing proposes a Loss Cost Modification Factor (Exhibit 2, Line 2B) other than 1.000, an exhibit should be attached labeled Exhibit 5. This exhibit should provide actuarial support for the selected Loss Cost Modification Factor and must include the following information as required in NCGS 58-41-50:

- (1) North Carolina earned premiums at the actual and current rate level; losses and loss adjustment expenses, each on paid and incurred bases without trending or other modification for the experience period, including the loss ratio anticipated at the time the rates were promulgated for the experience period;
- (2) Credibility factor development and application;
- (3) Loss development factor derivation and application on both paid and incurred bases and in both numbers and dollars of claims;
- (4) Trending factor development and application;
- (5) Changes in premium base resulting from trends in the exposure base;
- (6) Increased limits factor development and application.

NORTH CAROLINA DEPARTMENT OF INSURANCE
EXPENSE CONSTANT SUPPLEMENT

CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

1. Loss Cost Modification:

The insurer hereby files to adopt the prospective loss costs (Check one):

Without modification (factor = 1.000).

With the following modification(s): _____

Cite the percent modification and attached supporting data and/or rationale.

2. Development of Expected Loss Ratio. (Attach expense provisions exhibit).

	<u>SELECTED PROVISIONS</u>		
	Overall	Variable	Fixed

A. Commissions and Brokerage			
B. Other acquisitions			
C. General Expenses			
D. Taxes, Licenses & Fees			
E. Profit, Contingencies and Investment Income*			
F. Other (explain)			
G. Total			

3. A. Expected Loss Ratio: ELR=100% - Overall 2G _____

B. ELR expressed in decimal form _____

C. Variable Expected Loss Ratio VELF= 100% - Variable 2G _____

D. VELR in decimal form _____

4. Formula Expense Constant:

[(1.00 ÷ 3B)] ~ (1.00 ÷ 3D) x Average Underlying Loss Cost** = _____

Formula Variable Loss Cost Multiplier: (1 ÷ 3D) = _____

5. Selected Expense Constant = _____

Selected Variable Loss Cost Multiplier = _____

6. Explain any differences between 4 and 5, other than rounding.

7. Rate Level change for the coverages to which this page applies _____%

*Selected provision for Profit and Contingencies (before credit for investment income) is ____% and the credit for investment income is ____%. Show calculation of investment income.

**Show calculation of Average Underlying Loss Costs

NORTH CAROLINA DEPARTMENT OF INSURANCE
SUMMARY OF SUPPORTING INFORMATION FORM
EXPENSE PROVISIONS EXHIBIT

INSURER'S ACTUAL EXPENSE RATIOS

	Third Most Recent Year	Second Most Recent Year	Most Recent Year	Average	Industry Average*	Selected**
A. Commissions and Brokerage	_____	_____	_____	_____	_____	_____
B. Other Acquisition	_____	_____	_____	_____	_____	_____
C. General Expenses	_____	_____	_____	_____	_____	_____
D. Taxes, Licenses, Fees & Loss Based Assessments	_____	_____	_____	_____	_____	_____
E. Profit, Contingencies and Investment Income***						_____
F. Other**** _____	_____	_____	_____	_____	_____	_____
G. Total (A + B + C + D + E + F)						_____

INSURER'S ACTUAL EXPENSE RATIOS are:

North Carolina Countrywide Other (explain) _____

If the Selected provisions differ from the Average, for other than rounding, please explain.

*From the most recent edition of Best's Aggregates and Averages, Industry Underwriting - By Line, Direct Business Written, for this line of insurance.

**Selected provisions expressed as a percentage of standard premium. Enter the "Selected" provisions in Section 3, Summary of Supporting Information Form.

***Selected provision for Profit and Contingencies (before credit for investment income) is _____% and the credit for investment income is _____%. Show calculation of investment income.

****Describe any other expense provisions.