



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

LOSS RESERVING COMMITTEE – SEPTEMBER 5, 2018

Members Present

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Mr. Michael Lombardi ⁽¹⁾	MAPFRE U.S.A. Corporation
Ms. Alyssa Potter	The Hanover Insurance Company
Ms. Melissa Vaughn ⁽²⁾	Safety Insurance Company

Substituted for:

⁽¹⁾ Mr. Warren Ehrlich
⁽²⁾ Mr. Glenn Hiltbold

Not in Attendance:
N/A

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Loss Reserving Committee meeting of June 4, 2018. The Records have been distributed and are on file.

18.04 Quality of Current Quarter Reporting

Mr. Timothy Galligan advised the Committee that there were no accrual adjustments for the current accounting quarter.

Mr. Galligan reviewed with the Committee the changes in incurred losses during the current quarter, identifying the claims in which the reserves changed significantly, as well as those claims that experienced payment activity significantly higher than the prior quarter's reserve.

The Committee discussed a significant Policy Year 2018 claim relating to a bus accident occurring in Canada that was reserved at \$5.0 million CSL during the current quarter. Personal Injury Protection (PIP) was also discussed, relating to Canadian law that allows for up to \$1.0 million per passenger, highlighting the potential for future PIP reserve growth.

Mr. Galligan also reviewed other large Bodily Injury losses reported during the current quarter noted in the large loss report:

- Policy Year 2017 had 4 separate policies increasing existing reserves approximately \$2.0 million during the current quarter.
- Policy Year 2016 had 6 separate policies increasing existing reserves approximately \$3.0 million during the current quarter.
- Policy Year 2015 had 3 policies reserving \$6.2 million, including a newly reported claim relating to a bus accident.
- Policy Years 2011 – 2014 had 2 policies increasing existing reserves approximately \$1.1 million during the current quarter, with an additional 2 policies that paid losses in excess of the prior quarter's reserve by \$1.5 million.

To date, all known large losses have been reported to CAR and included in the loss reserving data.

Mr. Galligan reminded the Committee that large loss information is available to Committee members each quarter, and any questions or further investigation that is requested will be forwarded to CAR's Compliance Audit department for review and verification.

The Committee also directed Staff to create an alternative development data triangle for the AOBI coverage that would remove large losses, develop projections to ultimate, and then add the large losses back in. This would serve as a reasonability check in light of the increase in large losses that have been reported in recent quarters.

18.05 Selection of Ultimate Losses

Private Passenger Bodily Injury, Property Damage, and No Fault Pools

P.P. No Fault

Accident Year 2009:

Ms. Lynellen Ramirez recommended that the average paid/incurred indication be selected as the current ultimate valuation for accident year 2009.

Accident Year 2010:

Ms. Ramirez recommended the average paid/incurred indication. This resulted in an ultimate loss of \$0.4 million and a loss ratio of 2.024 including rate deviated premium for accident year 2010.

The Committee unanimously voted to accept the above recommendations for Private Passenger No Fault.

P.P. Bodily Injury

Accident Year 2009:

Ms. Lynellen Ramirez recommended that the average paid/incurred indication be selected as the current ultimate valuation for accident year 2009.

Accident Year 2010:

Ms. Ramirez recommended the average paid/incurred indication. This resulted in an ultimate loss of \$0.8 million and a loss ratio of 0.874 including rate deviated premium for accident year 2010.

The Committee unanimously voted to accept the above recommendations for Private Passenger Bodily Injury.

P.P. Property Damage Liability**Accident Year 2009:**

Ms. Lynellen Ramirez recommended that the average paid/incurred indication be selected as the current ultimate valuation for accident year 2009.

Accident Year 2010:

Ms. Ramirez recommended the average paid/incurred indication. This resulted in an ultimate loss of \$0.6 million and a loss ratio of 0.663 including rate deviated premium for accident year 2010.

The Committee unanimously voted to accept the above recommendations for Private Passenger Property Damage Liability.

Current ultimate valuations selected for P.P. Liability are:

(Values in Millions)

AY	PPBI	PPNF	PPDDL	Total	AY LR	AY LR w/Rat Dev
2009	26.1	8.6	20.0	54.8	98.3	91.4
2010	0.8	0.4	0.6	1.9	98.1	90.1

Private Passenger Collision and Other Than Collision**P.P. Collision****Accident Year 2009:**

Ms. Lynellen Ramirez recommended that the average paid indication be selected as the current ultimate valuation for accident year 2009.

Accident Year 2010:

Ms. Ramirez recommended selecting the paid indication of \$0.7 million for accident year 2010. This resulted in a loss ratio of 0.916 including rate deviated premium.

The Committee unanimously voted to accept the above recommendations for Private Passenger Collision.

P.P. Other Than Collision**Accident Year 2009:**

Ms. Lynellen Ramirez recommended that the average paid indication be selected as the current ultimate valuation for accident year 2009.

Accident Year 2010:

Ms. Ramirez recommended selecting the paid indication of \$0.3 million for accident year 2010. This resulted in a loss ratio of 0.842 including rate deviated premium.

The Committee unanimously voted to accept the above recommendations for Private Passenger Other Than Collision.

Current ultimate valuations selected for P.P. Physical Damage are:

(Values in Millions)

AY	PPCOLL	PPOTC	TOTAL	AY LR	AY LR w/Rat Dev
2009	19.0	7.7	26.8	98.7	92.0
2010	0.7	0.3	0.9	95.7	89.4

All Other Bodily Injury, Property Damage, and No Fault Pools

A.O. No Fault

Accident Year 2009:

Ms. Alyssa Potter recommended using the incurred loss projection based on the “latest 8 M-M” methodology for accident year 2009.

Accident Year 2010:

Ms. Potter recommended using the incurred loss projection based on the “latest 8 with unity” methodology for accident year 2010.

Accident Year 2011:

Ms. Potter recommended using the average paid/incurred indication based on the “latest 8 M-M” methodology for accident year 2011.

Accident Years 2012 - 2015:

Ms. Potter recommended using the incurred loss projections based on the “latest 8 M-M” methodology for accident years 2012 - 2015.

Accident Year 2016:

Ms. Potter recommended using the average paid/incurred indication based on the “latest 12 M-M” methodology for accident year 2016.

Accident Year 2017:

Ms. Potter recommended using the incurred loss projection based on the “latest 12 M-M” methodology for accident year 2017.

Accident Year 2018:

Ms. Potter recommended using the average of prior quarter’s selected loss ratio and the current quarter’s incurred loss ratio projection based on the “latest 12 M-M” methodology. This resulted in an ultimate valuation of \$2.4 million, with a loss ratio of 0.834.

The Committee unanimously voted to accept the above recommendations for All Other No Fault.

A.O. Bodily Injury

Accident Years 2009 - 2014:

Ms. Melissa Vaughn recommended using the incurred loss projections based on the “latest 8 M-M” methodology for accident years 2009 - 2014.

Accident Year 2015:

Ms. Vaughn recommended using the incurred loss projection based on the “latest 12 M-M” methodology for accident year 2015.

For Accident Years 2016-2017, in response to increasing upward loss development results related in part to large loss activity, the Committee discussed Ms. Vaughn’s recommendations for AY 2016-2017. Although Ms. Vaughn’s recommendations were higher than the formulaic indications, the Committee compared her selections to the range of alternate loss projection methodologies, and concluded they were generally on the low end of the alternate projections. The Committee felt that higher selections were warranted, and ultimately decided to select the incurred loss projections based on the “latest 12” methodology, which put the final selections between Ms. Vaughn’s original recommendation and the maximum of the alternate methodologies. The Committee felt that this approach was necessary to address the increasing projections that have been consistent for the past several quarters.

Accident Years 2016:

Ms. Vaughn originally recommended using the incurred loss projection of \$89.6 million, based on the “latest 12 M-M” methodology for accident year 2016. After some discussion, the Committee felt a higher selection was warranted, and Ms. Vaughn recommended using the incurred loss projection of \$92.8 million, based on the “latest 12” methodology.

Accident Year 2017:

Ms. Vaughn originally recommended using the incurred loss projection of \$90.6 million, based on the “latest 12 M-M” methodology for accident year 2017. After some discussion, the Committee felt a higher selection was needed for further claim development, and Ms. Vaughn recommended using the incurred loss projection of \$95.8 million, based on the “latest 12” methodology.

Accident Year 2018:

Ms. Vaughn recommended using the incurred loss projection based on the “latest 12 M-M” methodology for accident year 2018, resulting in an ultimate loss of \$50.0 million and a loss ratio of 1.157.

The Committee unanimously voted to accept the above recommendations for All Other Bodily Injury.

A.O. Property Damage Liability

Accident Years 2009 - 2017:

Ms. Alyssa Potter recommended that the incurred loss projections based on the “latest 8 M-M” methodology for accident years 2009 - 2017.

Accident Year 2018:

Ms. Potter recommended using the average of prior quarter’s selected loss ratio and the current quarter’s incurred loss ratio projection based on the “latest 8 M-M” methodology. This resulted in an ultimate valuation of \$18.9 million, with a loss ratio of 0.793.

The Committee unanimously voted to accept the above recommendations for All Other Property Damage Liability.

Current ultimate valuations selected for A.O. Liability are:

(Values in Millions)

AY	AOBI	AONF	AOPDL	TOTAL	AY LR
2009	41.0	3.0	16.1	60.0	70.0
2010	38.8	2.9	17.3	59.0	78.1
2011	38.7	2.6	18.4	59.7	85.6
2012	32.0	2.3	16.4	50.7	70.3
2013	41.4	3.1	18.6	63.1	78.5
2014	54.6	3.7	22.7	81.0	88.2
2015	51.0	4.1	29.0	84.1	79.1
2016	92.8	5.4	30.1	128.3	106.7
2017	95.8	4.8	36.7	137.4	104.0
2018	50.0	2.4	18.9	71.3	102.0

All Other Collision and Other Than Collision

A.O. Collision

Accident Years 2009 - 2016

Mr. Michael Lombardi recommended using the average paid indications for accident years 2009 – 2016.

Accident Year 2017:

Mr. Lombardi recommended using average of the current quarter’s indicated loss and the prior quarter’s selected ultimate loss for accident year 2017.

Accident Year 2018:

Mr. Lombardi recommended keeping the prior quarter’s selected loss ratio of 0.912 resulting an ultimate loss of \$15.2 million for accident year 2018.

The Committee unanimously voted to accept the above recommendations for A.O. Collision.

A.O. Other Than Collision

Accident Years 2009 - 2016

Mr. Michael Lombardi recommended using the average paid indications for accident years 2009 – 2016.

Accident Year 2017:

Mr. Lombardi recommended using average of the current quarter’s indicated loss and the prior quarter’s selected ultimate loss for accident year 2017.

Accident Year 2018:

Mr. Lombardi recommended using 60% of the current quarter’s indicated loss ratio and 40% of the prior quarter’s selected loss ratio. This results in a loss ratio of 0.741 and an ultimate loss of \$4.8 million for accident year 2018

The Committee unanimously voted to accept the above recommendations for A.O. Other Than Collision.

Current ultimate valuations selected for A.O. Physical Damage are:

(Values in Millions)

AY	AOCOLL	AOTC	TOTAL	AY LR
2009	10.4	4.8	15.3	58.9
2010	10.2	4.6	14.8	72.9
2011	10.4	4.8	15.2	82.5
2012	9.8	6.1	15.9	81.7
2013	12.0	6.1	18.1	82.9
2014	14.6	7.0	21.6	83.0
2015	21.5	7.9	29.5	87.4
2016	25.5	8.7	34.2	85.5
2017	29.0	9.1	38.1	88.2
2018	15.2	4.8	20.0	86.4

18.06 Policy Year Deficit and Loss Ratio Report

After reviewing the distribution of selected accident year ultimate losses to policy year, the Committee agreed to the following shift of reserves:

AO Bodily Injury	\$500,000 from PY 2018 to PY 2017
AO Bodily Injury	\$4,500,000 from PY 2018 to PY 2016
AO Bodily Injury	\$1,000,000 from PY 2015 to PY 2014
AO No Fault	\$50,000 from PY 2018 to PY 2016
AO No Fault	\$300,000 from PY 2017 to PY 2016
AO No Fault	\$300,000 from PY 2015 to PY 2016
AO PDL	\$150,000 from PY 2016 to PY 2018
AO PDL	\$700,000 from PY 2016 to PY 2017
AO PDL	\$100,000 from PY 2016 to PY 2015
AO Collision	\$225,000 from PY 2017 to PY 2018
AO Collision	\$100,000 from PY 2016 to PY 2018
AO OTC	\$200,000 from PY 2017 to PY 2018
AO OTC	\$150,000 from PY 2017 to PY 2016

The final version of the Policy Year Deficit and Loss Ratio reports of the Loss Reserving Committee to the Governing Committee are available. (Docket #LR18.06, Exhibit #4) and (Docket #LR18.05, Exhibit #55)

18.07 Latest Valuation of Ultimate Projections

The latest deficit projections for policy years 2015, 2016, and 2017 were reviewed and finalized as follows:

	<u>Commercial (in millions)</u>
2017	(\$39.9)
2016	(\$47.0)
2015	(\$25.4)

Please refer to (Docket #LR18.07, Exhibit #11) for additional details relating to the policy year ultimate deficits for 2015-2017.

Premium Projections

Mr. Galligan reviewed the ultimate premium and ultimate expense ratios contained in the current quarter's Policy Year Deficit Projections exhibit as follows:

Policy Year 2015

Policy year 2015 commercial ultimate premium reflects the actual statistically reported premium.

Policy Year 2016

Policy year 2016 commercial ultimate premium is estimated using an average of the annual and quarterly premium development methods. The premium estimate is unchanged from the prior quarter.

Policy Year 2017

Policy year 2017 commercial ultimate premium is estimated using an average of the annual and quarterly premium development methods. The premium estimate increased \$200,000 from the prior quarter.

Loss Ratios

The ultimate loss ratios for policy years 2015-2017 are set equal to the selected loss ratios from the current quarter.

Expense Ratios

Policy Years 2015 and 2016

Policy years 2015 and 2016 expense ratios are set equal to the latest reported value, which reflects all true-up adjustments to date.

Policy Year 2017

The policy year 2017 ultimate expense ratio of 25.1% is a weighted average of expenses for both commercial risks, taxis, limousines, and car service.

The commercial expense ratio is based on the approved expense allowance of \$396 per exposure converted to a percent of premium, plus premium tax and commission.

The taxi/limousine/car service expense ratios are based on the approved expense allowances converted to a percent of premium plus premium tax and commission. The expense allowance per exposure amounts are \$1,082 for taxi, \$601 for limousine, and \$701 for car service.

SHANNON CHIU
Actuarial/Statistical Analyst

Attachments

Boston, Massachusetts
September 18, 2018

QUARTER ENDING: JUNE 30, 2018

EXHIBIT # 4

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All Other LIABILITY	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@06 Mos	@18 Mos		
Written Premium	73,184	138,245	127,486	113,790
Written Premium Accrued	0	0	0	0
Unearned Premium Current	55,086	18,649	0	0
Total Earned Premium	18,098	119,596	127,486	113,790
Reported Losses	12,330	73,187	112,963	97,557
I.B.N.R. Reserve	6,060	46,624	23,361	7,414
Total Incurred Losses	18,390	119,811	136,324	104,971
Loss Ratio	1.016	1.002	1.069	0.922
Ceding Expenses & Commissions	17,501	35,435	32,488	29,102
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	13,173	4,780	0	0
Expense Ratio to Earned Premium	0.239	0.256	0.255	0.256
C.A.R. Underwriting Deficit	(4,620)	(30,870)	(41,326)	(20,283)
All Other PHYSICAL DAMAGE	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@06 Mos	@18 Mos		
Written Premium	25,384	44,984	41,660	37,649
Written Premium Accrued	0	0	0	0
Unearned Premium Current	19,111	5,924	0	0
Total Earned Premium	6,273	39,060	41,660	37,649
Reported Losses	3,684	33,616	37,437	33,136
I.B.N.R. Reserve	1,586	130	(659)	(72)
Total Incurred Losses	5,270	33,746	36,778	33,064
Loss Ratio	0.840	0.864	0.883	0.878
Ceding Expenses & Commissions	6,072	11,595	10,675	9,676
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	4,571	1,526	0	0
Expense Ratio to Earned Premium	0.239	0.258	0.256	0.257
C.A.R. Underwriting Deficit	(498)	(4,755)	(5,793)	(5,091)
All Other ALL	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@06 Mos	@18 Mos		
Written Premium	98,568	183,229	169,146	151,439
Written Premium Accrued	0	0	0	0
Unearned Premium Current	74,197	24,573	0	0
Total Earned Premium	24,371	158,656	169,146	151,439
Reported Losses	16,014	106,803	150,400	130,693
I.B.N.R. Reserve	7,646	46,754	22,702	7,342
Total Incurred Losses	23,660	153,557	173,102	138,035
Loss Ratio	0.971	0.968	1.023	0.911
Ceding Expenses & Commissions	23,573	47,030	43,163	38,778
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	17,744	6,306	0	0
Expense Ratio to Earned Premium	0.239	0.257	0.255	0.256
C.A.R. Underwriting Deficit	(5,118)	(35,625)	(47,119)	(25,374)

QUARTER ENDING: JUNE 30, 2018

EXHIBIT # 4

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All Other LIABILITY	<u>PY 2014</u>	<u>PY 2013</u>	<u>PY 2012</u>	<u>PY 2011</u>
Written Premium	98,439	86,656	74,631	70,343
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	98,439	86,656	74,631	70,343
Reported Losses	75,396	77,962	60,399	56,960
I.B.N.R. Reserve	2,377	1,281	(1,289)	1
Total Incurred Losses	77,773	79,243	59,110	56,961
Loss Ratio	0.790	0.914	0.792	0.810
Ceding Expenses & Commissions	25,700	23,309	20,438	20,549
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.261	0.269	0.274	0.292
C.A.R. Underwriting Deficit	(5,034)	(15,896)	(4,917)	(7,167)
All Other PHYSICAL DAMAGE	<u>PY 2014</u>	<u>PY 2013</u>	<u>PY 2012</u>	<u>PY 2011</u>
Written Premium	29,499	23,856	20,439	18,611
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	29,499	23,856	20,439	18,611
Reported Losses	24,359	20,294	17,355	15,275
I.B.N.R. Reserve	(4)	0	0	0
Total Incurred Losses	24,355	20,294	17,355	15,275
Loss Ratio	0.826	0.851	0.849	0.821
Ceding Expenses & Commissions	7,752	6,475	5,657	6,062
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.263	0.271	0.277	0.326
C.A.R. Underwriting Deficit	(2,608)	(2,913)	(2,573)	(2,726)
All Other ALL	<u>PY 2014</u>	<u>PY 2013</u>	<u>PY 2012</u>	<u>PY 2011</u>
Written Premium	127,938	110,512	95,070	88,954
Written Premium Accrued	0	0	0	0
Unearned Premium Current	0	0	0	0
Total Earned Premium	127,938	110,512	95,070	88,954
Reported Losses	99,755	98,256	77,754	72,235
I.B.N.R. Reserve	2,373	1,281	(1,289)	1
Total Incurred Losses	102,128	99,537	76,465	72,236
Loss Ratio	0.798	0.901	0.804	0.812
Ceding Expenses & Commissions	33,452	29,784	26,095	26,611
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	0	0	0	0
Expense Ratio to Earned Premium	0.261	0.270	0.274	0.299
C.A.R. Underwriting Deficit	(7,642)	(18,809)	(7,490)	(9,893)

	P.P. Bodily Injury		P.P. No Fault		P.P. Property Damage		P.P. Liability	
	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>
Ultimate Loss	848	26,070	429	8,642	591	20,049	1,868	54,761
Distrib Q-1	848	10,130	429	3,410	591	8,651		
from Q-2	0	8,179	0	2,483	0	5,826		
Avg. of Q-3	0	5,159	0	1,703	0	3,419		
Pd/Inc. Q-4	0	2,602	0	1,046	0	2,153		
Total	848	26,070	429	8,642	591	20,049		
Alternate Distribution:								
Q-1	0	0	0	0	0	0		
Q-2	0	0	0	0	0	0		
Q-3	0	0	0	0	0	0		
Q-4	0	0	0	0	0	0		
Total	0	0	0	0	0	0		
AY IBNR Q-1	0	(5)	0	0	0	0	0	(5)
Q-2	0	0	0	(2)	0	0	0	(2)
Q-3	0	0	0	0	0	0	0	0
Q-4	0	0	0	0	0	0	0	0
Total	0	(5)	0	(2)	0	0	0	(7)
CY Earn Prem	880	25,706	195	5,633	830	24,365	1,905	55,704
AY Loss Ratio	0.964	1.014	2.200	1.534	0.712	0.823	0.981	0.983
Prior Ratio	0.964	1.014	2.200	1.534	0.712	0.823	0.981	0.983
AY LR w/Rat Dev	0.874	0.933	2.024	1.417	0.663	0.774	0.901	0.914
Prior AY LR w/Rat Dev	0.874	0.933	2.024	1.417	0.663	0.774	0.901	0.913
P.Y. IBNR	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>
Q-1	0	(5)	0	0	0	0	0	(5)
Q-2	0	0	0	(2)	0	0	0	(2)
Q-3	0	0	0	0	0	0	0	0
Q-4	0	0	0	0	0	0	0	0
Total	0	(5)	0	(2)	0	0	0	(7)
Shifted Amount	0	0	0	0	0	0	0	0
Final PY IBNR	0	(5)	0	(2)	0	0	0	(7)
PY Earn Prem	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>
PY Pd + OS Loss	0	9,007	0	1,986	0	8,483	0	19,476
PY PD/OS/IBNR	0	10,344	0	3,595	0	7,702	0	21,641
PY Loss Ratio	0	10,339	0	3,593	0	7,702	0	21,634
Prior PY Loss Ratio	0.000	1.148	0.000	1.809	0.000	0.908	0.000	1.111
PY LR w/ RatDev	0.000	1.147	0.000	1.809	0.000	0.908	0.000	1.110
Prior PY LR w/ RatDev	0.000	1.033	0.000	1.638	0.000	0.839	0.000	1.012
Prior PY LR w/ RatDev	0.000	1.032	0.000	1.638	0.000	0.839	0.000	1.011

	P.P. Collision		P.P. Comprehensive		P.P. Physical Damage		Total Priv. Passenger	
	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>	<u>AY 2010</u>	<u>AY 2009</u>
Ultimate Loss	669	19,033	255	7,732	924	26,765	2,792	81,526
Distrib Q-1	669	8,920	255	2,938				
from Q-2	0	4,672	0	2,342				
Avg. of Q-3	0	3,279	0	1,591				
Pd/Inc. Q-4	0	2,162	0	861				
Total	669	19,033	255	7,732				
Alternate Distribution:								
Q-1	0	0	0	0				
Q-2	0	0	0	0				
Q-3	0	0	0	0				
Q-4	0	0	0	0				
Total	0	0	0	0				
AY IBNR Q-1	0	0	0	0	0	0	0	(5)
Q-2	0	0	0	0	0	0	0	(2)
Q-3	0	0	0	0	0	0	0	0
Q-4	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	(7)
CY Earn Prem	698	19,899	268	7,217	966	27,116	2,871	82,820
AY Loss Ratio	0.958	0.956	0.951	1.071	0.957	0.987	0.972	0.984
Prior Ratio	0.958	0.956	0.951	1.071	0.957	0.987	0.972	0.984
AY LR w/Rat Dev	0.916	0.904	0.842	0.962	0.894	0.920	0.899	0.916
Prior AY LR w/Rat Dev	0.916	0.904	0.842	0.962	0.894	0.920	0.899	0.916
P.Y. IBNR	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>
Q-1	0	0	0	0	0	0	0	(5)
Q-2	0	0	0	0	0	0	0	(2)
Q-3	0	0	0	0	0	0	0	0
Q-4	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	(7)
Shifted Amount	0	0	0	0	0	0	0	0
Final PY IBNR	0	0	0	0	0	0	0	(7)
PY Earn Prem	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>	<u>PY 2010</u>	<u>PY 2009</u>
PY Pd + OS Loss	0	6,785	0	2,535	0	9,320	0	28,796
PY PD/OS/IBNR	0	6,754	0	2,717	0	9,471	0	31,112
PY PD/OS/IBNR	0	6,754	0	2,717	0	9,471	0	31,105
PY Loss Ratio	0.000	0.995	0.000	1.072	0.000	1.016	0.000	1.080
Prior PY Loss Ratio	0.000	0.995	0.000	1.072	0.000	1.016	0.000	1.080
PY LR w/ RatDev	0.000	0.931	0.000	0.939	0.000	0.933	0.000	0.987
Prior PY LR w/ RatDev	0.000	0.931	0.000	0.939	0.000	0.933	0.000	0.986

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
 BASED ON DATA REPORTED THROUGH QUARTER ENDING JUNE 2018
 (000's OMITTED)

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SUMMARY EXHIBIT

	Policy Year 2015		Policy Year 2016		Policy Year 2017	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	151,439	100.0%	169,100	100.0%	182,400	100.0%
Losses Incurred and ALAE	138,023	91.1%	172,989	102.3%	176,563	96.8%
Underwriting Expenses	38,778	25.6%	43,151	25.5%	45,782	25.1%
Underwriting Result	(25,362)	-16.7%	(47,040)	-27.8%	(39,945)	-21.9%

COMPARISON OF ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
PRIOR AND CURRENT QUARTER ESTIMATES

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Policy Year 2017

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	182,200	100.0%	182,400	100.0%	200	0.1%
Losses Incurred and ALAE	171,086	93.9%	176,563	96.8%	5,477	3.2%
Underwriting Expenses	45,732	25.1%	45,782	25.1%	50	0.1%
Underwriting Result	(34,618)	-19.0%	(39,945)	-21.9%	(5,327)	15.4%

Policy Year 2016

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	169,100	100.0%	169,100	100.0%	0	0.0%
Losses Incurred and ALAE	168,762	99.8%	172,989	102.3%	4,227	2.5%
Underwriting Expenses	43,152	25.5%	43,151	25.5%	(1)	0.0%
Underwriting Result	(42,814)	-25.3%	(47,040)	-27.8%	(4,226)	9.9%

Policy Year 2015

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	151,439	100.0%	151,439	100.0%	0	0.0%
Losses Incurred and ALAE	130,528	86.2%	138,023	91.1%	7,495	5.7%
Underwriting Expenses	38,778	25.6%	38,778	25.6%	0	0.0%
Underwriting Result	(17,867)	-11.8%	(25,362)	-16.7%	(7,495)	41.9%