



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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RECORDS OF MEETING

LOSS RESERVING COMMITTEE – DECEMBER 5, 2018

Members Present

Ms. Lynellen Ramirez – Chair	Arbella Insurance Group
Mr. Jonathan Blake ⁽¹⁾	The Hanover Insurance Company
Mr. Michael Lombardi ⁽²⁾	MAPFRE U.S.A. Corporation
Ms. Melissa Vaughn ⁽³⁾	Safety Insurance Company

Substituted for:

⁽¹⁾ Ms. Alyssa Potter
⁽²⁾ Mr. Warren Ehrlich
⁽³⁾ 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 September 5, 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 reports that highlight the changes in incurred losses during the current quarter for Bodily Injury (BI) and Property Damage Liability (PDL). Mr. Galligan noted that staff had reviewed these reports to identify claims in which the reserves changed significantly, as well as those claims that experienced payment activity significantly higher than the prior quarter's reserve. Mr. Galligan informed the Committee that 10 BI large losses were referred to the Compliance Audit department for additional information and verification, as well as one PDL loss.

The BI large loss report highlighted the following incurred loss changes during the current quarter:

- Policy Year 2018 had 2 claims with combined increases to existing reserves totaling approximately \$1.3 million.
- Policy Year 2017 incurred losses increased \$3.1 million, primarily from 3 claims with combined increases to existing reserves totaling approximately \$2.4 million.
- Policy Year 2016 incurred losses increased \$3.0 million, primarily from 2 claims with combined increases to existing reserves totaling approximately \$1.2 million, and one newly reported claim reserved for \$1.1 million.
- Policy Year 2015 incurred losses increased \$2.8 million, primarily from 3 claims with combined increases to existing reserves.
- All other older policy years increased approximately \$.7 million combined during the current quarter from changes in large losses.

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

Mr. Galligan reviewed two new historical large loss reports that were distributed as additional information on November 29, 2018, that identify individual claims with large losses. This information was prepared as a result of concerns raised by the Governing Committee during recent meetings relative to disclosure of information relating to incidents significantly impacting the commercial deficit. The first report includes detailed large loss data summarized by policy year on an inception-to-date basis for accidents with incurred losses greater than 1.0 million. This report includes information pertaining to accident date, accident location, liability limit, vehicle description, and loss and expense dollars. The second report summarizes the large losses for the latest ten years by loss groupings for policies with losses \$300,000 and greater. The report includes a comparison of the large losses to total incurred losses by year.

Both reports were implemented to better inform this Committee, the Governing Committee, as well as all member companies, of large loss activity that has been influencing the ultimate loss results. Mr. Galligan noted that these reports will be updated and distributed on a quarterly basis, and will cumulatively display large losses from all years that are used for the loss reserving data. Additionally, these reports will be attached to the Notice or Records of the meeting, so that the information is available publicly for those who need it.

Mr. Galligan also reviewed an alternative historical data development triangle for the AOBI coverage that removed large losses for accidents with incurred losses greater than 1.0 million, developed projections to ultimate, and then added the large losses back in. In light of the increase in large losses that have been reported in recent quarters, this alternate projection methodology minimizes the formulaic development of large losses that are already at their reported policy limits. The Committee discussed the results, which included lower ultimate loss projections than indicated by the unadjusted methodologies customarily used by the Committee. The Committee directed staff to produce this exhibit on an ongoing basis to assist as a reasonability check on the current loss projection methodologies. (Docket #LR18.04, Exhibit #15)

Finally, Mr. Galligan updated the Committee on the status of staff's research concerning out-of-state and out-of-country claims and the potential for payments to exceed the \$8,000 Massachusetts residual market coverage limit. The Loss Reserving Committee previously discussed this issue at the prior meeting, in relation to an accident year 2018 bus loss that occurred in Canada and was reserved at 5.0 million CSL.

The Committee was advised that Canadian law requires up to \$1.0 million per passenger PIP coverage. Accordingly, the claim with current reported PIP reserves of \$47,000 may increase significantly as the status of the claim develops. Mr. Galligan informed the Committee that CAR's counsel has advised that losses must be paid in accordance with Canadian law. However, Counsel has identified precedential court decisions allowing for the offset of the PIP payments from the BI coverage limits. Counsel has discussed this issue with the Servicing Carrier involved.

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	PPPD	Total	AY LR	AY LR w/Rat Dev
2009	26.1	8.6	20.0	54.8	98.3	91.3
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 Years 2010 - 2011:

Ms. Potter recommended using the incurred loss projection based on the “latest 8 with Unity” methodology for accident years 2010 - 2011.

Accident Years 2012 - 2017:

Ms. Potter recommended the average paid/incurred indications based on the “latest 12 M-M” methodology for accident years 2012 - 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 \$3.4 million, with a loss ratio of 0.785.

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

A.O. Bodily Injury

Accident Years 2009 - 2015:

Ms. Melissa Vaughn recommended using the incurred loss projections based on the “latest 12 with Unity” methodology for accident years 2009 - 2015.

Accident Year 2016:

Ms. Vaughn recommended using the incurred loss projection based on the “latest 12 M-M” methodology for accident year 2016.

Accident Year 2017:

Ms. Vaughn recommended using the incurred loss projection based on the “latest 12 with Unity” methodology for accident year 2017.

Accident Year 2018:

Ms. Vaughn recommended using the incurred loss projection based on the “latest 8 with Unity” methodology for accident year 2018, resulting in an ultimate loss of \$73.7 million and a loss ratio of 1.128.

After Ms. Vaughn’s recommendations, Ms. Lynellen Ramirez addressed the Committee and noted that for the past 6-8 quarters, the Committee has been dealing with significant change each quarter, even in older years, in part due to the increased large loss activity. Whereas historically, loss development was more stable. Ms. Ramirez asked the Committee to consider the need for tempering the ultimate selections, in part due to the influence of the formulaic development of large losses that are already at their reported policy limits, as discussed by staff earlier in the meeting.

The Committee discussed Ms. Vaughn’s recommendations, which included methodology changes from the prior quarter for many of the accident year selections that resulted in higher ultimate losses. The committee compared her selections to the range of alternate loss projection methodologies, and concluded that lower ultimate loss selections were warranted for some accident years.

The Committee discussed several of the accident year ultimate losses and agreed on the following changes:

For Accident Years 2012-2013, the final recommendation was to use the incurred loss projections based on the “latest 8 M-M” methodology, lowering the combined initial selections approximately \$700,000. For Accident Year 2014, the final recommendation was to keep the prior quarter’s selected loss ratio of 90.5%, lowering the initial selection approximately \$1.0 million. For Accident Year 2015, the final

recommendation was to keep the prior quarter’s selected loss ratio of 74.9%, lowering the initial selection approximately \$1.8 million. For Accident Year 2017, the final recommendation was to set the selected loss ratio at 110.0%, lowering the initial selection approximately \$5.3 million.

Compared to the prior quarter’s selected ultimate losses, the overall change in AOBI losses for the older accident years (2009-2015) was relatively stable, increasing approximately \$700,000 over the prior quarter. Accident Year 2016 was raised approximately \$3.5 million, reflecting in part the \$5.2 million in upward development from large losses. Accident Year 2017 was lowered \$3.7 million, For Accident Year 2017, the Committee commented that it is still early in development, and their actions today address the concern that the ultimate loss was potentially too high. The ultimate loss selection of \$92.1 million now falls near the lower tier of the range of ultimates for all methodologies, which show ultimate projections from \$88 million to \$100 million.

After discussion, 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 using 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 \$27.7 million, with a loss ratio of 0.766.

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	39.1	2.9	17.3	59.4	78.5
2011	38.8	2.6	18.4	59.7	85.6
2012	32.4	2.3	16.4	51.1	70.8
2013	41.4	3.1	18.6	63.1	78.5
2014	54.5	3.7	22.8	81.0	88.1
2015	51.0	4.2	28.8	83.9	78.9
2016	96.3	5.4	30.0	131.8	109.6
2017	92.1	4.8	36.3	133.2	100.8
2018	73.7	3.4	27.7	104.8	99.1

All Other Collision and Other Than Collision

A.O. Collision

Accident Years 2009 - 2017

Mr. Michael Lombardi recommended using the average paid indications for accident years 2009 – 2017.

Accident Year 2018:

Mr. Lombardi recommended keeping the prior quarter's selected loss ratio of 0.912, resulting an ultimate loss of \$23.2 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 - 2017

Mr. Lombardi recommended using the average paid indications for accident years 2009 – 2017.

Accident Year 2018:

Mr. Lombardi recommended keeping the prior quarter's selected loss ratio of 0.741, resulting an ultimate loss of \$7.3 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	AOOTC	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	21.6	7.9	29.5	87.4
2016	25.5	8.7	34.2	85.5
2017	29.1	9.1	38.2	88.5
2018	23.2	7.3	30.4	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	\$3,500,000 from PY 2018 to PY 2016
AO Bodily Injury	\$1,000,000 from PY 2017 to PY 2016
AO Bodily Injury	\$2,000,000 from PY 2015 to PY 2016
AO No Fault	\$250,000 from PY 2018 to PY 2016

AO No Fault	\$200,000 from PY 2017 to PY 2016
AO No Fault	\$300,000 from PY 2015 to PY 2016
AO PDL	\$300,000 from PY 2018 to PY 2017
AO PDL	\$700,000 from PY 2016 to PY 2017
AO PDL	\$100,000 from PY 2016 to PY 2015
AO Collision	\$50,000 from PY 2017 to PY 2018
AO OTC	\$275,000 from PY 2017 to PY 2018
AO OTC	\$125,000 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 #6) and (Docket #LR18.05, Exhibit #74)

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>
2018	(\$39.3)
2017	(\$33.4)
2016	(\$49.1)

Please refer to (Docket #LR18.07, Exhibit #15) for additional details relating to the policy year ultimate deficits for 2016-2018.

Ultimate Premium, Loss Ratio, and Expense Ratio Projections

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

Ultimate 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 is unchanged from the prior quarter.

Policy Year 2018

Policy year 2018 commercial ultimate premium is estimated based on the quarterly premium development method, and totals \$195.6 million.

Several assumptions were included to estimate the ultimate premium. A total market premium of \$885.5 million was selected, based on the last two year's development from 9 to 12 months. A cession rate of 22.5% was selected for 2018, based on the current policy year 2018 cession rate at 9 months developed

using the prior three years history from 9 to 12 months. These selections produce ceded commercial premium of \$199.2 million as of 12 months. Ultimate factors are applied to calculate the ultimate premium estimate of \$195.6 million for policy year 2018.

The Committee agreed with Staff's recommendation of the initial ultimate premium for Policy Year 2018.

Loss Ratios

The ultimate loss ratios for policy years 2016-2018 are set equal to the selected loss ratios as of the quarter ending September 30, 2018.

Ultimate Expense Ratios

Policy Years 2016 and 2017

Policy years 2016 and 2017 expense ratios are set equal to the latest reported value, which reflects all true-up adjustments to date.

Policy Year 2018

The policy year 2018 ultimate expense ratio of 23.8% 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 \$404 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 \$1,104 for taxi, \$613 for limousine, and \$715 for car service.

The Committee agreed with Staff's recommendation for the ultimate expense ratio for policy year 2018.

SHANNON CHIU
Actuarial/Statistical Analyst

Attachments

Boston, Massachusetts
January 10, 2019

Commonwealth Automobile Reinsurers
Alternate AOB Loss Projections as of September, 2018
(Exclude Large Losses > 1.0 M From Projection Factors and Add Back In)

8 Min/Max Incurred Loss Projection					8 Min/Max Paid Loss Projection					8 M/M Average Paid/Incurred Loss Projection					Comparison	
AY	Indication	Ex. Lg Loss	Diff	% Diff	AY	Indication	Ex. Lg Loss	Diff	% Diff	AY	Indication	Ex. Lg Loss	Diff	% Diff	Selected	To Incurr
2018	64,408	45,829	(18,579)	-29%	2018	40,200	32,782	(7,418)	-18%	2018	52,304	39,305	(12,999)	-25%	49,995	4,166
2017	88,524	72,751	(15,773)	-18%	2017	61,229	45,599	(15,630)	-26%	2017	74,877	59,175	(15,702)	-21%	95,849	23,098
2016	95,759	86,096	(9,663)	-10%	2016	54,590	52,813	(1,777)	-3%	2016	75,175	69,454	(5,720)	-8%	92,845	6,749
2015	50,846	48,284	(2,562)	-5%	2015	49,133	44,921	(4,212)	-9%	2015	49,990	46,603	(3,387)	-7%	50,951	2,667
2014	53,863	53,795	(68)	0%	2014	50,993	48,766	(2,227)	-4%	2014	52,428	51,281	(1,147)	-2%	54,552	757
2013	41,428	41,292	(136)	0%	2013	34,639	34,138	(501)	-1%	2013	38,034	37,715	(319)	-1%	41,436	144
2012	32,375	32,272	(103)	0%	2012	30,494	30,347	(147)	0%	2012	31,435	31,310	(125)	0%	31,951	(321)
2011	38,750	38,752	2	0%	2011	38,630	38,635	5	0%	2011	38,690	38,694	4	0%	38,748	(4)
2010	39,140	39,139	(1)	0%	2010	38,876	38,876	0	0%	2010	39,008	39,008	(0)	0%	38,782	(357)
2009	40,987	40,987	0	0%	2009	40,856	40,856	0	0%	2009	40,922	40,922	0	0%	40,988	1
Total	546,080	499,197	(46,883)	-9%	Total	439,640	407,733	(31,907)	-7%	Total	492,860	453,465	(39,395)	-8%	536,097	36,900

12 Min/Max Incurred Loss Projection					12 Min/Max Paid Loss Projection					12 M/M Average Paid/Incurred Loss Projection					Comparison	
AY	Indication	Ex. Lg Loss	Diff	% Diff	AY	Indication	Ex. Lg Loss	Diff	% Diff	AY	Indication	Ex. Lg Loss	Diff	% Diff	Selected	To Incurr
2018	63,367	48,298	(15,069)	-24%	2018	37,994	30,384	(7,610)	-20%	2018	50,681	39,341	(11,339)	-22%	49,995	1,697
2017	89,152	75,854	(13,298)	-15%	2017	56,454	43,093	(13,361)	-24%	2017	72,803	59,474	(13,329)	-18%	95,849	19,995
2016	96,312	87,695	(8,617)	-9%	2016	58,425	50,276	(8,149)	-14%	2016	77,369	68,985	(8,383)	-11%	92,845	5,150
2015	50,815	48,589	(2,226)	-4%	2015	45,841	43,285	(2,556)	-6%	2015	48,328	45,937	(2,391)	-5%	50,951	2,362
2014	54,358	54,088	(270)	0%	2014	50,113	48,576	(1,537)	-3%	2014	52,236	51,332	(904)	-2%	54,552	464
2013	41,357	41,277	(80)	0%	2013	34,555	34,218	(337)	-1%	2013	37,956	37,748	(208)	-1%	41,436	159
2012	32,336	32,277	(59)	0%	2012	30,452	30,353	(99)	0%	2012	31,394	31,315	(79)	0%	31,951	(326)
2011	38,750	38,751	1	0%	2011	38,630	38,631	1	0%	2011	38,690	38,691	1	0%	38,748	(3)
2010	39,140	39,139	(1)	0%	2010	38,876	38,876	0	0%	2010	39,008	39,008	(0)	0%	38,782	(357)
2009	40,987	40,987	0	0%	2009	40,856	40,856	0	0%	2009	40,922	40,922	0	0%	40,988	1
Total	546,574	506,956	(39,618)	-7%	Total	432,196	398,549	(33,647)	-8%	Total	489,385	452,753	(36,632)	-7%	536,097	29,141

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All Other LIABILITY	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@09 Mos	@21 Mos		
Written Premium	109,389	137,816	127,483	113,790
Written Premium Accrued	0	0	0	0
Unearned Premium Current	68,579	5,128	0	0
Total Earned Premium	40,810	132,688	127,483	113,790
Reported Losses	23,397	84,429	117,397	100,575
I.B.N.R. Reserve	17,601	42,241	20,809	6,808
Total Incurred Losses	40,998	126,670	138,206	107,383
Loss Ratio	1.005	0.955	1.084	0.944
Ceding Expenses & Commissions	26,121	34,318	32,485	29,102
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	16,375	1,276	0	0
Expense Ratio to Earned Premium	0.239	0.249	0.255	0.256
C.A.R. Underwriting Deficit	(9,934)	(27,024)	(43,208)	(22,695)
All Other PHYSICAL DAMAGE	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@09 Mos	@21 Mos		
Written Premium	36,764	44,967	41,656	37,649
Written Premium Accrued	0	0	0	0
Unearned Premium Current	22,796	1,583	0	0
Total Earned Premium	13,968	43,384	41,656	37,649
Reported Losses	9,600	37,585	37,144	33,095
I.B.N.R. Reserve	2,169	121	(245)	(61)
Total Incurred Losses	11,769	37,706	36,899	33,034
Loss Ratio	0.843	0.869	0.886	0.877
Ceding Expenses & Commissions	8,782	11,225	10,673	9,676
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	5,445	395	0	0
Expense Ratio to Earned Premium	0.239	0.250	0.256	0.257
C.A.R. Underwriting Deficit	(1,138)	(5,152)	(5,916)	(5,061)
All Other ALL	<u>PY 2018</u>	<u>PY 2017</u>	<u>PY 2016</u>	<u>PY 2015</u>
	@09 Mos	@21 Mos		
Written Premium	146,153	182,783	169,139	151,439
Written Premium Accrued	0	0	0	0
Unearned Premium Current	91,375	6,711	0	0
Total Earned Premium	54,778	176,072	169,139	151,439
Reported Losses	32,997	122,014	154,541	133,670
I.B.N.R. Reserve	19,770	42,362	20,564	6,747
Total Incurred Losses	52,767	164,376	175,105	140,417
Loss Ratio	0.963	0.934	1.035	0.927
Ceding Expenses & Commissions	34,903	45,543	43,158	38,778
Ceding Expenses Accrued	0	0	0	0
Deferred Acquisition Costs	21,820	1,671	0	0
Expense Ratio to Earned Premium	0.239	0.249	0.255	0.256
C.A.R. Underwriting Deficit	(11,072)	(32,176)	(49,124)	(27,756)

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EXHIBIT # 6

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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	75,496	78,197	60,338	57,276
I.B.N.R. Reserve	990	1,235	(1,214)	1
Total Incurred Losses	76,486	79,432	59,124	57,277
Loss Ratio	0.777	0.917	0.792	0.814
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	(3,747)	(16,085)	(4,931)	(7,483)
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	24,357	20,294	17,354	15,274
I.B.N.R. Reserve	(2)	0	0	0
Total Incurred Losses	24,355	20,294	17,354	15,274
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)	(2,572)	(2,725)
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	99,853	98,491	77,692	72,550
I.B.N.R. Reserve	988	1,235	(1,214)	1
Total Incurred Losses	100,841	99,726	76,478	72,551
Loss Ratio	0.788	0.902	0.804	0.816
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	(6,355)	(18,998)	(7,503)	(10,208)

	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	26,064	429	8,639	591	20,049	1,868	54,752
Distrib Q-1	848	10,124	429	3,410	591	8,651		
from Q-2	0	8,179	0	2,480	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	26,064	429	8,639	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	0	0	0	0	0	0	0
Q-2	0	0	0	0	0	0	0	0
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	0
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	1.416	0.663	0.774	0.901	0.913
Prior AY LR w/Rat Dev	0.874	0.933	2.024	1.417	0.663	0.774	0.901	0.914
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	0
Q-2	0	0	0	0	0	0	0	0
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	0
Shifted Amount	0	0	0	0	0	0	0	0
Final PY IBNR	0	0	0	0	0	0	0	0
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	3,591	0	7,702	0	21,637
PY PD/OS/IBNR	0	10,344	0	3,591	0	7,702	0	21,637
PY Loss Ratio	0.000	1.148	0.000	1.808	0.000	0.908	0.000	1.111
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	1.033	0.000	1.637	0.000	0.839	0.000	1.012
Prior PY LR w/ RatDev	0.000	1.033	0.000	1.638	0.000	0.839	0.000	1.012

	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	81,517
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	0
Q-2	0	0	0	0	0	0	0	0
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	0
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	0
Q-2	0	0	0	0	0	0	0	0
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	0
Shifted Amount	0	0	0	0	0	0	0	0
Final PY IBNR	0	0	0	0	0	0	0	0
	<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 Earn Prem	0	6,785	0	2,535	0	9,320	0	28,796
PY Pd + OS Loss	0	6,754	0	2,717	0	9,471	0	31,108
PY PD/OS/IBNR	0	6,754	0	2,717	0	9,471	0	31,108
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	0.987

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

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SUMMARY EXHIBIT

	Policy Year 2016		Policy Year 2017		Policy Year 2018	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	169,100	100.0%	182,400	100.0%	195,600	100.0%
Losses Incurred and ALAE	175,007	103.5%	170,362	93.4%	188,363	96.3%
Underwriting Expenses	43,148	25.5%	45,448	24.9%	46,553	23.8%
Underwriting Result	(49,055)	-29.0%	(33,410)	-18.3%	(39,316)	-20.1%

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

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Policy Year 2018

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium			195,600	100.0%		
Losses Incurred and ALAE			188,363	96.3%		
Underwriting Expenses			46,553	23.8%		
Underwriting Result			(39,316)	-20.1%		

Policy Year 2017

	Prior Qtr Estimate		Current Qtr Estimate		Variance	
	Dollars	% Prem	Dollars	% Prem	Dollars	Percent
Premium	182,400	100.0%	182,400	100.0%	0	0.0%
Losses Incurred and ALAE	176,563	96.8%	170,362	93.4%	(6,201)	-3.5%
Underwriting Expenses	45,782	25.1%	45,448	24.9%	(334)	-0.7%
Underwriting Result	(39,945)	-21.9%	(33,410)	-18.3%	6,535	-16.4%

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	172,989	102.3%	175,007	103.5%	2,018	1.2%
Underwriting Expenses	43,151	25.5%	43,148	25.5%	(3)	0.0%
Underwriting Result	(47,040)	-27.8%	(49,055)	-29.0%	(2,015)	4.3%