

**OKLAHOMA LOSS COST RATE FILING EXHIBIT**  
Explanatory Remarks/Instructions for Form OKLCF-A-2

In General: This exhibit is intended for use as an overall synopsis and extract of the filing and factors to be considered by the Board and Commissioner. This exhibit must be completed for each insurance company separately plus an additional one for the group of companies. Instructions are provided for each column/section.

**New Programs:** Please complete columns 6, 7, 8, 9 and the Schedule Rating available and Rate Factors available, Projected Policy Count / Exposure, Projected Average Premium/Average Loss Costs and the Expense Exhibit Summary.

**Line of Insurance:** List each coverage that is separately rated or which has a separate loss cost multiplier, for example Auto BI, Auto PD, Med Pay, Uninsured Motorists, Comprehensive and Collision. Use additional forms and/or additional pages as necessary.

1 **Requested % Rate Level Change:** Enter the percentage change for each coverage (shown on Form OKLCF-1, Page 2, Result # 7, or on Form OKLCF-1, Page 3, Result # 7). Show the overall total at the bottom of the column.

2 **Written Premium Latest Year.** Enter the dollar amount of actual written premiums by coverage for the most recent year in the experience period. Show the overall total at the bottom of the column.

3 **Estimated Annual Income Effect.** Enter the estimated annual rate change effect by coverage based on column (2) written premium. Show the overall total at bottom of column.

4 **Rate Change History:** Enter the Oklahoma File Number, the effective date and percentage amount of past rate changes during the experience period under review and subsequent thereto. Also, enter any previous changes that affect writing during the experience period.

4a Provide rate changes sanctioned by this Board or the Commissioner.

4b Provide rate changes made during the experience period that were implemented under 36 s 902.1.

5 **Experience Period:** Enter the experience period under review and used as a basis for the indicated and proposed rates. Pursuant to 36 O.S. 902.2 A. 16, five years of experience is required for fire insurance business.

6 **Expected Loss and LAE Ratio:** Enter the expected loss ratio shown on Form OKLCF-1 or OKWCLCF-2, Page 2, Result # 4B, or on Form OKLCF-1, Page 3, Result # 4D.

7 **Loss Cost Modification Factor:** Enter the loss cost modification factor shown on Form OKLCF-1, Page 2, Result # 2B.

8 **Company Formula Loss Cost Multiplier:** Enter the company formula loss cost multiplier shown on Form OKLCF-1, Page 2, Result # 5, or on Form OKLCF-1, Page 3, Result # 5.

9 **Company Selected Loss Cost Multiplier:** Enter company selected loss cost multiplier shown on Form OKLCF-1, Page 2, Result # 6, or on OKLCF-1, Page 3, Result # 6. Selected LCM should not differ from the

formula LCM, except for rounding and unusual circumstances.

10a **Expense Constant:** Enter the formula expense constant shown on Form OKLCF-1, Page 3, Result # 5.

10b **Expense Constant:** Enter the Selected expense constant shown on Form OKLCF-1, Page 3, Result # 6.

11 **Company Current Loss Cost Multiplier:** Enter the current loss cost multiplier for each coverage.

12 **Investment Income Percentage:** Enter the Investment income calculated as a percentage of earned premiums. Supporting exhibits should be provided.

**To Any Oklahoma Insured:** Provide your best estimate of the maximum percentage premium increase and the maximum percentage premium decrease to an insured due to all changes in this filing. This should include any rule change that will produce a change in the premium charged.

Provide an explanation as to what types of risks are receiving the maximum increase and/or decrease. Also, provide the number of policyholders receiving the maximum increase and/or decrease.

For any proposed increases over 25%, provide a market comparison using several John Doe examples.

**Rate Factors:**

If applicable, enter the overall average Schedule Rating modification used in Oklahoma for each of the last 5 years. Show the maximum Schedule Rating credit/ debit modification possible. This should reflect the amounts shown in the corresponding manual rule.

Show minimum and maximum factors possible that can be applied to the base rates for this line of business. (Combine package credits, size of risk, deductibles, expense modifiers, deviations, etc.)

**Policy Count/Exposures:** Enter the policy count and exposure base for the past 4 years and projected for the current year.

**Average Premium/Average Loss Costs:** Enter the average premium per policy per annual period of written premium. Enter the average loss cost per policy, averaged across all policy limits, deductibles, territories, classifications, etc.

**Expense Exhibit Summary:** Enter expense percentages based on the IEE, but use Oklahoma specific expenses when possible i.e., commissions or taxes. The profit and contingency provision must reflect expected investment income. Supporting exhibits detailing method and calculations must be provided for both the investment income and profit. LAE can be entered as a % of Losses or premiums but specify which was used. All entries here should coincide with the expected loss and LAE ratio developed and used to calculate indications.