



Office of Insurance Regulation
Bureau of Property & Casualty Forms and Rates

**EXPENSE SUPPLEMENT
 CALCULATION OF COMPANY LOSS COST MULTIPLIER**

Company (Group) Name:	Date:
Advisory Organization:	
Reference Filing:	Replaces Reference Filing:

Combination to which this page applies: (line, subline, coverage, territory, class, etc.)	
-----------------------------------------------------------------------------------------------------	--

Overall rate level change for the coverages to which this page applies:
 attach worksheet showing calculation of rate level charge

Policies in force:

STEP I - DEVELOP YOUR COMPANY'S LOSS COST MULTIPLIER

1. Select loss cost modification factor: Check one	Selected for this filing	Loss cost modification factor from last approved filing
Without Modification -->	1.000	

OR

* With Modification, factor ->	
--------------------------------	--

* attach complete justification for modification
 Is modification a carryover of deviation from advisory organization rates? yes _____ no _____

2. Breakdown of expected expenses:

Category				3 Year Weighted Average +	Selected For This Filing	Last Approved Filing
Latest 3 Calendar Years ->	19 __ __	19 __ __	19 __ __			
A. Commission and Brokerage %						
B. Other Acquisition %						
C. General %						
D. Premium taxes %						
E. Miscellaneous Licenses and Fees %						
F. Other (explain on page 2) %						
G. Profit and Contingencies ** %						
H. TOTAL (expense ratio) %						
** Per FL Rule 690-170.003						
+ Weighted on premium volume, attach calculations						

3. Expected loss ratio in decimal form:
[1-Item 2.H.]

--	--

4. Formula loss cost multiplier:
[Item 1./Item 3.]

--	--

5. Selected loss costs multiplier: On page 2 explain any difference between items 4. and 5.

--	--

**EXPENSE SUPPLEMENT
CALCULATION OF COMPANY LOSS COST MULTIPLIER**

STEP II - PROVIDE YOUR COMPANY'S BASIC EXPERIENCE

6. Florida data:

Calendar/ Accident Year	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Loss Ratio	Rate Change? If so, % change	Effective Date of Change
Total						

7. Countrywide data:

Calendar/ Accident Year	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred	Loss Ratio
Total				

8. Minimum premium

\$

9. Waiver of premium (Additional/Return):

\$ /

10. Check source of expense data:

Florida Reporting Form Actual Florida Other (explain)
DI4-308 _____

11. Check source of experience data:

Internal Company Report Advisory Organization Other (explain)
(explain) _____ Statistical Call (explain) _____

12. Comments/Explanations:

The 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 filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers. The insurer hereby file to have its loss cost multipliers be applicable only to the above advisory organization reference filing.

**INSTRUCTION PAGE FOR EXPENSE SUPPLEMENT
CALCULATION OF COMPANY LOSS COST MULTIPLIER
FORM OIR-B1-583**

Top of Form

Complete all blanks at the top of the form. Include your group name only if this is a group filing in which all companies will use the same loss cost multiplier.

ATTACH AN EXHIBIT WHICH SHOWS YOUR CALCULATION OF THE OVERALL RATE LEVEL EFFECT FOR THE FILING. It is not sufficient to say, "the advisory organization changed +X%, and so are we". Proper consideration must be given to the rating organization's loss cost change by coverage, form, territory, etc., and your company's distribution of business in the line. Change in the company's expenses also must be considered.

Step I, Item 1.

Complete the appropriate blanks in this section. **UNDERSTAND IF YOU PROPOSE TO ADOPT A LOSS COST MODIFICATION FACTOR OTHER THAN 1.000, YOU MUST PROVIDE FULL ACTUARIAL JUSTIFICATION.** You must demonstrate your key loss costs are different from the advisory organization's loss costs.

If you have historically deviated from advisory organization rates, you must actuarially justify a loss cost modification factor other than 1.000. Know that deviating from advisory organization rates is not the same as deviating from loss costs.

Item 2.

Fill in the blanks as requested. Provide a three year history of expenses, the average of the three years, your selection for this filing, and those expenses used in your last filing. Expenses should be calculated on a direct basis. Production expenses, taxes, licenses and fees are normally a function of written premium; other expense items are a factor of earned premium. All expense items should be rounded to the nearest tenth of a percentage point. **PROVIDE AN EXHIBIT WHICH SHOWS YOUR CALCULATION OF THE WEIGHTED AVERAGE EXPENSES.**

Items 3., 4., and 5.

These items are self-explanatory.

Step II, Items 6. and 7.

Provide your company's basic calendar/accident year experience. Complete five years of data. The loss ratio is the ratio of incurred losses to earned premiums, rounded to the nearest tenth of a percentage point. **STATE WHETHER YOUR LOSSES INCLUDE LAE AND IBNR.**

Item 8.

State your company's minimum premium for this line or program.

item 9.

State your company's waiver of additional premium and waiver of return premium for this line or program.

item 10.

Check the source of expense data. The Department encourages companies to use expense data reported on Florida Reporting Form DI4-308, whenever possible.

item 11.

Check the source of your experience data, and provide additional detail regarding the reliability of the data.

item 12.

This item is reserved for additional remarks to support the filing.