

**Esurance Insurance Company
Commonwealth of Massachusetts**

Rate Manual Exhibit 2

Base Rates

Coverage	Base Rate
RBI	114.08
OBI	111.75
PD	112.90
UM	3.92
UIM	1.06
PIP	23.09
MED	3.35
COMP	54.71
COLL	224.11
Ltd. COLL	12.83
LLG	7.94
RC	22.53
TL	30.53
CPE	7.36

**Esurance Insurance Company
Commonwealth of Massachusetts**

Years Licensed Factor

Years Licensed	RBI/OBI	PD	PIP/MED	COMP/LLG	COLL/RC/Ltd. COLL	UM/UIM
0	7.21	7.60	2.51	1.65	4.84	2.86
1	7.15	6.74	2.51	1.65	4.84	2.79
2	5.58	4.79	1.96	1.32	3.41	2.18
3	3.81	3.31	1.83	1.26	2.88	1.65
4	2.62	2.43	1.39	1.19	2.26	1.46
5	2.05	1.98	1.35	1.21	2.00	1.44
6	1.88	1.80	1.18	1.21	1.78	1.30
7	1.63	1.57	1.05	1.19	1.56	1.05
8	1.47	1.41	1.08	1.13	1.40	0.96
9	1.15	1.15	0.93	1.07	1.14	0.92
10	1.15	1.15	0.93	1.07	1.14	0.92
11	1.15	1.15	0.93	1.07	1.14	0.92
12	1.15	1.15	0.93	1.07	1.14	0.92
13	1.15	1.15	0.93	1.07	1.14	0.92
14	1.00	1.00	1.00	1.00	1.00	1.00
15	1.00	1.00	1.00	1.00	1.00	1.00
16	1.00	1.00	1.00	1.00	1.00	1.00
17	1.00	1.00	1.00	1.00	1.00	1.00
18	1.00	1.00	1.00	1.00	1.00	1.00
19	1.05	1.01	1.08	0.97	0.97	1.26
20	1.05	1.01	1.08	0.97	0.97	1.26
21	1.05	1.01	1.08	0.97	0.97	1.26
22	1.05	1.01	1.08	0.97	0.97	1.26
23	1.05	1.01	1.08	0.97	0.97	1.26
24	1.09	1.02	1.15	0.89	0.96	1.48
25	1.09	1.02	1.15	0.89	0.96	1.48
26	1.09	1.02	1.15	0.89	0.96	1.48
27	1.09	1.02	1.15	0.89	0.96	1.48
28	1.09	1.02	1.15	0.89	0.96	1.48
29	1.09	1.02	1.15	0.89	0.96	1.48
30	1.09	1.02	1.15	0.89	0.96	1.48
31	1.09	1.02	1.15	0.89	0.96	1.48
32	1.09	1.02	1.15	0.89	0.96	1.48
33	1.09	1.02	1.15	0.89	0.96	1.48
34	1.03	0.95	1.04	0.81	0.87	1.31
35	1.03	0.95	1.04	0.81	0.87	1.31
36	1.03	0.95	1.04	0.81	0.87	1.31
37	1.03	0.95	1.04	0.81	0.87	1.31
38	1.03	0.95	1.04	0.81	0.87	1.31
39	0.98	0.93	0.91	0.75	0.84	1.17
40	0.98	0.93	0.91	0.75	0.84	1.17
41	0.98	0.93	0.91	0.75	0.84	1.17
42	0.98	0.93	0.91	0.75	0.84	1.17
43	0.98	0.93	0.91	0.75	0.84	1.17
44	0.95	0.93	0.90	0.74	0.83	1.16
45	0.91	0.95	0.89	0.72	0.82	1.16
46	0.88	0.95	0.88	0.71	0.81	1.15
47	0.88	0.99	0.87	0.69	0.80	1.15
48	0.94	0.99	0.86	0.68	0.79	1.15
49	1.39	1.36	1.12	0.82	1.17	1.39
50	1.47	1.38	1.13	0.82	1.19	1.47
51	1.50	1.40	1.14	0.82	1.22	1.48
52	1.51	1.45	1.16	0.82	1.24	1.48
53	1.53	1.47	1.17	0.82	1.26	1.48
54	1.57	1.64	1.18	0.82	1.29	1.50
55	1.60	1.64	1.19	0.82	1.31	1.51
56	1.64	1.66	1.21	0.82	1.34	1.52

**Esurance Insurance Company
Commonwealth of Massachusetts**

Rate Manual Exhibit 5

Years Licensed Factor

Years Licensed	RBI/OBI	PD	PIP/MED	COMP/LLG	COLL/RC/Ltd. COLL	UM/UIM
57	1.67	1.66	1.22	0.82	1.36	1.53
58	1.69	1.66	1.23	0.82	1.39	1.54
59	1.75	1.84	1.28	0.82	1.49	1.54
60	1.75	1.84	1.28	0.82	1.49	1.54
61	2.05	2.04	1.28	0.82	1.61	1.54
62	2.05	2.04	1.28	0.82	1.61	1.54
63	2.12	2.25	1.28	0.82	1.74	1.54
64	2.12	2.25	1.28	0.82	1.74	1.54
65	2.17	2.37	1.28	0.82	1.74	1.54
66	2.17	2.37	1.28	0.82	1.74	1.54
67	2.22	2.39	1.28	0.82	1.74	1.54
68	2.22	2.39	1.28	0.82	1.74	1.54
69	2.27	2.52	1.28	0.82	1.74	1.54
70	2.27	2.52	1.28	0.82	1.74	1.54
71	2.31	2.52	1.28	0.82	1.74	1.54
72	2.31	2.52	1.28	0.82	1.74	1.54
73	2.36	2.52	1.28	0.82	1.74	1.54
74	2.36	2.52	1.28	0.82	1.74	1.54
75	2.39	2.52	1.28	0.82	1.74	1.54
76	2.39	2.52	1.28	0.82	1.74	1.54
77	2.39	2.52	1.28	0.82	1.74	1.54
78	2.39	2.52	1.28	0.82	1.74	1.54
79	2.39	2.52	1.28	0.82	1.74	1.54
80	2.39	2.52	1.28	0.82	1.74	1.54
81	2.39	2.52	1.28	0.82	1.74	1.54
82	2.39	2.52	1.28	0.82	1.74	1.54
83	2.39	2.52	1.28	0.82	1.74	1.54
84	2.39	2.52	1.28	0.82	1.74	1.54
85	2.39	2.52	1.28	0.82	1.74	1.54
86	2.39	2.52	1.28	0.82	1.74	1.54
87	2.39	2.52	1.28	0.82	1.74	1.54
88	2.39	2.52	1.28	0.82	1.74	1.54
89	2.39	2.52	1.28	0.82	1.74	1.54
90	2.39	2.52	1.28	0.82	1.74	1.54
91	2.39	2.52	1.28	0.82	1.74	1.54
92	2.39	2.52	1.28	0.82	1.74	1.54
93	2.39	2.52	1.28	0.82	1.74	1.54
94	2.39	2.52	1.28	0.82	1.74	1.54
95	2.39	2.52	1.28	0.82	1.74	1.54
96	2.39	2.52	1.28	0.82	1.74	1.54
97	2.39	2.52	1.28	0.82	1.74	1.54
98-99	2.39	2.52	1.28	0.82	1.74	1.54

**Esurance Insurance Company
Commonwealth of Massachusetts**

Rate Manual Exhibit 16

Core Discount Factors

Prior Insurance/BI Limit Group	Multi-car	Residence Insurance	PIF	RB/OBI	PD	PIP/MED	COMP	COLL/Ltd. COLL	UM/UIM
A	Y	H	N	0.29	0.32	0.31	0.24	0.32	0.24
A	Y	R	N	0.25	0.28	0.27	0.20	0.28	0.20
A	Y	N	N	0.08	0.12	0.01	0.01	0.10	0.05
A	N	H	N	0.10	0.15	0.10	0.14	0.14	0.10
A	N	R	N	0.00	0.05	0.00	0.03	0.03	0.00
A	N	N	N	0.00	0.00	0.00	0.00	0.00	0.00
B	Y	H	N	0.33	0.33	0.31	0.21	0.31	0.30
B	Y	R	N	0.29	0.29	0.27	0.17	0.27	0.26
B	Y	N	N	0.06	0.10	0.01	0.01	0.08	0.12
B	N	H	N	0.10	0.12	0.10	0.10	0.12	0.10
B	N	R	N	0.00	0.01	0.00	0.00	0.01	0.00
B	N	N	N	0.00	0.00	0.00	0.00	0.00	0.00
C	Y	H	N	0.30	0.34	0.34	0.16	0.32	0.21
C	Y	R	N	0.26	0.31	0.31	0.12	0.28	0.17
C	Y	N	N	0.12	0.17	0.01	0.01	0.09	0.01
C	N	H	N	0.13	0.15	0.14	0.10	0.12	0.15
C	N	R	N	0.02	0.04	0.03	0.00	0.01	0.05
C	N	N	N	0.00	0.00	0.00	0.00	0.00	0.00
D	Y	H	N	0.30	0.34	0.34	0.16	0.32	0.21
D	Y	R	N	0.21	0.26	0.26	0.06	0.23	0.11
D	Y	N	N	0.12	0.17	0.01	0.01	0.09	0.01
D	N	H	N	0.13	0.15	0.14	0.10	0.12	0.15
D	N	R	N	0.02	0.04	0.03	0.00	0.01	0.05
D	N	N	N	0.00	0.00	0.00	0.00	0.00	0.00
E	Y	H	N	0.30	0.34	0.34	0.16	0.32	0.21
E	Y	R	N	0.21	0.26	0.26	0.06	0.23	0.11
E	Y	N	N	0.12	0.17	0.01	0.01	0.09	0.01
E	N	H	N	0.13	0.15	0.14	0.10	0.12	0.15
E	N	R	N	0.02	0.04	0.03	0.00	0.01	0.05
E	N	N	N	0.00	0.00	0.00	0.00	0.00	0.00
A	Y	H	Y	0.54	0.51	0.57	0.47	0.53	0.50
A	Y	R	Y	0.52	0.49	0.55	0.44	0.51	0.47
A	Y	N	Y	0.41	0.38	0.39	0.31	0.39	0.37
A	N	H	Y	0.42	0.40	0.38	0.30	0.32	0.40
A	N	R	Y	0.35	0.33	0.31	0.22	0.24	0.33
A	N	N	Y	0.36	0.29	0.32	0.20	0.22	0.34
B	Y	H	Y	0.46	0.49	0.55	0.41	0.49	0.56
B	Y	R	Y	0.43	0.46	0.53	0.38	0.46	0.54
B	Y	N	Y	0.25	0.32	0.36	0.26	0.32	0.45
B	N	H	Y	0.28	0.33	0.35	0.22	0.25	0.44
B	N	R	Y	0.19	0.25	0.27	0.13	0.16	0.37
B	N	N	Y	0.20	0.24	0.29	0.14	0.15	0.38
C	Y	H	Y	0.46	0.51	0.56	0.39	0.50	0.43
C	Y	R	Y	0.43	0.48	0.54	0.36	0.47	0.40
C	Y	N	Y	0.32	0.38	0.34	0.28	0.34	0.29
C	N	H	Y	0.33	0.36	0.36	0.24	0.26	0.39
C	N	R	Y	0.24	0.28	0.29	0.15	0.16	0.32
C	N	N	Y	0.23	0.25	0.26	0.16	0.16	0.28
D	Y	H	Y	0.46	0.51	0.56	0.39	0.50	0.43
D	Y	R	Y	0.39	0.45	0.51	0.31	0.44	0.36
D	Y	N	Y	0.32	0.38	0.34	0.28	0.34	0.29
D	N	H	Y	0.33	0.36	0.36	0.24	0.26	0.39
D	N	R	Y	0.24	0.28	0.29	0.15	0.16	0.32
D	N	N	Y	0.23	0.25	0.26	0.16	0.16	0.28
E	Y	H	Y	0.42	0.43	0.56	0.39	0.50	0.43
E	Y	R	Y	0.34	0.36	0.51	0.31	0.44	0.36
E	Y	N	Y	0.27	0.28	0.34	0.28	0.34	0.29
E	N	H	Y	0.27	0.26	0.36	0.24	0.26	0.39
E	N	R	Y	0.18	0.16	0.29	0.15	0.16	0.32
E	N	N	Y	0.17	0.13	0.26	0.16	0.16	0.28

Discounts and Surcharges

Good Student Qualifies	Factor
Y	0.90
N	1.00

Mature Driver Discount	Factor
Y	0.75
N	1.00

Fast 5 Discount (1st term only)	Factor
Y	0.95
N	1.00

Switch & Save™ Discount (1st 12 months)	Factor
Y	0.99
N	1.00

On-Time Payment Discount			BI/MED/UM/U	PD	COLL/Ltd.	COMP/LLG
Market	# of Equity Cancel Notices	IM/PIP	COLL/RC	COMP/LLG	COLL/RC	COMP/LLG
UL/PR/ST	0	0.87	0.87	0.87	0.87	0.87
UL/PR/ST	1	0.93	0.92	0.94	0.92	0.92
UL/PR/ST	2+	0.93	0.92	0.94	0.92	0.92
MM/NS	0	0.87	0.87	0.87	0.87	0.87
MM/NS	1	0.87	0.87	0.87	0.87	0.87
MM/NS	2+	0.97	0.92	0.98	0.92	1.00

Time at Residence (years)	Factor
<1	1.00
1	1.00
2	0.98
3	0.98
4	0.98
5	0.98
6	0.98
7	0.98
8+	0.98

Claim-Free Discount Qualifies	Factor
Y	0.90
N	1.00

PayPal/ERS Discount		
Qualifies	Group Marketing Discount	Factor
Any 1	Y	0.93
Any 1	N	0.95
Any 2	Y	0.90
Any 2	N	0.93
None	Y	0.95
None	N	1.00

Discounts and Surcharges

Preferred Customer Discount

Prior	Multi Car	Limits*	Factor
Yes	Yes	High	0.90
Yes	Yes	Med	0.90
Yes	Yes	Low	1.00
Yes	No	High	0.98
Yes	No	Med	1.00
Yes	No	Low	1.00
No	Yes	High	1.00
No	Yes	Med	1.00
No	Yes	Low	1.00
No	No	High	1.00
No	No	Med	1.00
No	No	Low	1.00

*Limits: Lower of Prior and Esurance BI Limits

High: 250/500 & 100/300

Med: 50/100

Low: All other (20/40, 25/50, 35/80)

Future Effective Date Discount

Qualifies	RBI/OBI	PD	PIP/MED/ UM/UIM	COLL/Ltd.	
				COLL/RC/TL/ CPE	COMP/LL
0	1.00	1.00	1.00	1.00	1.00
1	1.00	1.00	0.97	0.99	1.00
2-6	1.00	1.00	0.97	0.99	0.98
7-13	1.00	1.00	0.94	0.98	0.96
14+	1.00	1.00	0.85	0.97	0.93

Excluded Driver

Factor

Y	1.25
N	1.00

Lower Downpay

Factor

Y	1.16
N	1.00

Unacceptable Risk

Term

Factor

Y	6 month	3.00
N	6 month	1.00
Y	12 month	2.00
N	12 month	1.00

P43 – Rate Capping

The rate capping rule is for customers who meet the criteria of Exhibit 1 of MA DOI Bulletin 2009-13. The Esurance voluntary premium by vehicle will not be higher than the MAIP premium by vehicle for customers that meet the criteria of Exhibit 1 of MA Bulletin 2009-13. The effective date of the MAIP rules and rates is February 1, 2018.

D05 - Driving Record Points

Driving record points are assigned to operators for chargeable accidents and violations.

1. **Chargeable Period** – all accidents and violations occurring in the 36-month period prior to policy effective date are considered in developing a driver’s policy premiums. When a driver is added mid-term, accidents and violations will be charged for the prior 36-month period from the date the driver is added.
2. **Chargeable Date** – to determine if the accident or violation took place in the chargeable period, use the occurrence date.
3. **Same Day Offenses** – if two or more violations or accidents occur on the same day, apply only one of the violations or accidents. The order of hierarchy for determining the chargeable violation is: at-fault accident, major violation, minor violation, speed, and DUI. The violation(s) not charged from the same day occurrence will not be counted toward the calculation of points.
4. **Same Day Non-Chargeable** – if multiple non-chargeable incidents occur in the same day, only count one of those same day non-chargeable incidents, using the following order: major violations occurring between 36 and 60 months preceding the policy effective date, not-at-fault accidents, uninsured/underinsured motorist claims, then comprehensive claims of \$1,000 or more.
5. **Source of Points** – charge for accidents or violations occurring while a driver is operating, occupying, or associated with a private passenger auto, commercial vehicle, motorcycle or recreational vehicle.
6. **Chargeable Accidents** – At-fault accidents above the \$500 threshold occurring prior to July 1, 2017, and at-fault accidents above the \$1,000 threshold occurring on or after July 1, 2017 noted on the MVR, CLUE report or applications are chargeable unless the applicant can provide verification that the accidents are non-chargeable. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are chargeable. At-fault accidents caused by a permissive user while operating a listed vehicle will be included in the points used to determine future premiums for the named insured. If this permissive user is added to the policy, the at-fault accident will not be included in the points used to determine the premium for the named insured and will be used to determine the points for the newly added driver, If the newly added driver is removed or excluded from the policy within 36 months following the accident, the at-fault accident will then continue to be applied to the points used to determine future premiums for the named insured.
7. **Non-Chargeable Incidents** – Incidents that are considered non-chargeable:
 - a. Any major violation occurring between 36 and 60 months preceding the policy effective date.
 - b. Accidents are considered non-chargeable incidents if:
 1. The motor vehicle is lawfully parked and is struck by another vehicle. If the parked vehicle rolls from the parked position, then the accident is charged to the person who parked the vehicle.
 2. The insured or the owner of the motor vehicle is reimbursed by or on behalf of the named insured or other resident operator for at least 50% of the total amount of the paid claim received through subrogation or from a settlement or judgment against the individual responsible for the accident.
 3. The insured, or owner of the motor vehicle, has a judgment against a person who is responsible for the accident.
 4. The motor vehicle is struck in the rear by another vehicle and the insured has not been convicted of a traffic violation in connection with the accident.
 5. The driver of the other motor vehicle involved in the accident was cited of a moving traffic violation and the insured was not convicted of a moving traffic violation in connection with the accident.
 6. The motor vehicle driven by the insured is struck by a hit-and-run vehicle, if the accident is reported to the proper authority within 24 hours by the insured.

Esurance Insurance Company
Private Passenger Automobile Rules
Massachusetts

P43 – Rate Capping

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D05 - Driving Record Points

Driving record points are assigned to operators for chargeable accidents and violations.

1. **Chargeable Period** – all accidents and violations occurring in the 36-month period prior to policy ~~inception~~ effective date are considered in developing a driver's policy premiums. When a driver is added mid-term, accidents and violations will be charged for the prior 36-month period from the date the driver is added.
2. **Chargeable Date** – to determine if the accident or violation took place in the chargeable period, use the occurrence date.
3. **Same Day Offenses** – if two or more violations or accidents occur on the same day, apply only one of the violations or accidents. The order of hierarchy for determining the chargeable violation is: at-fault accident, major violation, minor violation, speed, and DUI. The violation(s) not charged from the same day occurrence will not be counted toward the calculation of points.
4. **Same Day Non-Chargeable** – if multiple non-chargeable incidents occur in the same day, only count one of those same day non-chargeable incidents, using the following order: major violations occurring between 36 and 60 months preceding the policy effective date, not-at-fault accidents, uninsured/underinsured motorist claims, then comprehensive claims of \$1,000 or more.
5. **Source of Points** – charge for accidents or violations occurring while a driver is operating, occupying, or associated with a private passenger auto, commercial vehicle, motorcycle or recreational vehicle.
6. **Chargeable Accidents** – At-fault accidents above the \$500 threshold occurring prior to July 1, 2017, and at-fault accidents above the \$1,000 threshold occurring on or after July 1, 2017 noted on the MVR, CLUE report or applications are chargeable unless the applicant can provide verification that the accidents are non-chargeable. Accidents involving hitting another vehicle or object as a result of swerving to avoid an animal are chargeable. At-fault accidents caused by a permissive user while operating a listed vehicle will be included in the points used to determine future premiums for the named insured. If this permissive user is added to the policy, the at-fault accident will not be included in the points used to determine the premium for the named insured and will be used to determine the points for the newly added driver. If the newly added driver is removed or excluded from the policy within 36 months following the accident, the at-fault accident will then continue to be applied to the points used to determine future premiums for the named insured.
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 2. The insured or the owner of the motor vehicle is reimbursed by or on behalf of the named insured or other resident operator for at least 50% of the total amount of the paid claim received through subrogation or from a settlement or judgment against the individual responsible for the accident.
 3. The insured, or owner of the motor vehicle, has a judgment against a person who is responsible for the accident.
 4. The motor vehicle is struck in the rear by another vehicle and the insured has not been convicted of a traffic violation in connection with the accident.
 5. The driver of the other motor vehicle involved in the accident was ~~convicted~~ cited of a moving traffic violation and the insured was not convicted of a moving traffic violation in connection with the accident.
 6. The motor vehicle driven by the insured is struck by a hit-and-run vehicle, if the accident is reported to the proper authority within 24 hours by the insured.

Esurance Insurance Company Commonwealth of Massachusetts

Filing Memorandum

A modification to Esurance Insurance Company's private passenger auto program is submitted for the Department's review. The overall impact of the submitted program changes is +4.0%. The Company requests that this filing apply to all new business policies written on or after June 6th, 2018 and to all renewal policies effective on or after July 26th, 2018. Revised rate manual pages are included to replace those currently on file.

Summary of Changes

1. **Rate Level**

The base rates are offset to arrive at an overall rate level of +4.0%. Please see the "Ratemaking Indication" section below for a summary of how the indication is developed.

2. **Claim Free Discount Factor**

The Company is proposing a change to the Claim Free Discount Factor to maintain adequate rates based on loss experience. The justification for this change can be found in Supporting Exhibit 1.

3. **Core Discount Factors**

The Company is proposing a change to the Core Discount Factor table to increase rates for certain coverages for single car policies with the Pay in Full Discount. This change is necessary to maintain adequate rates based on loss experience. The justification for this change can be found in Supporting Exhibit 2.

4. **Years Licensed Factors**

The Company is proposing a change to the Years Licensed Factors to maintain adequate rates based on loss experience. The justification for this change can be found in Rate Manual Change Supporting Exhibit 3.

Ratemaking Indication

The ratemaking indications are calculated using the loss ratio method. The following is a discussion of each of the major components to the calculation.

Adjustments to Premiums

All historical premiums in the experience period are brought to the current rate level using an extension of exposures technique. Also, the extension of exposure technique is used to bring premiums to current rate level prior to calculating the changes in average written premium. Massachusetts-specific Esurance data is used in selecting premium trends. These selected trends and the trend data are displayed in Indication Exhibit 5. These selections are used to project the data from the midpoint of the experience period to the midpoint of the future effective period.

Loss Trend

Due to the limited amount of data in Massachusetts, the selected loss trends are developed by coverage considering Massachusetts-specific Esurance data, ISO Industry FastTrack data for Massachusetts and Esurance countrywide trends. These selected trends are displayed in Indication Exhibit 6. These selections are used to project the losses from the average occurrence date of the experience period to the average occurrence date of the future effective period.

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Loss and ALAE Development

Given the Company's limited experience in Massachusetts, the loss development factors derived from our countrywide data are used to develop Massachusetts losses to ultimate. Losses through December 31st, 2017 are developed to ultimate using countrywide loss development triangles with an evaluation date of December 31st, 2017. Refer to Indication Exhibit 3.1 for the loss development using the Bornhuetter-Ferguson method, and refer to Indication Exhibit 4.1 for the countrywide incurred loss development triangles.

Separate Allocated Loss Adjustment Expense (ALAE) development factors are developed for all liability and physical damage coverages. The ALAE development factors are derived from the aggregate development triangles of countrywide data. The Stanard-Buhlmann method, utilizing the ALAE development factors to derive the expected percentage paid-to-date, is then used for major coverages to develop Massachusetts ALAE through December 31st, 2017, evaluated at December 31st, 2017, to ultimate. Refer to Indication Exhibit 3.2 for the development of each coverage using the Stanard-Buhlmann method, and refer to Indication Exhibit 4.2 for the countrywide ALAE development triangles.

ULAE:

Losses in the experience period for each coverage have been adjusted to account for Unallocated Loss Adjustment Expense (ULAE). A three year average of the ratios of countrywide calendar year ULAE to countrywide calendar year incurred losses and ALAE is used to determine the ULAE provision. The selected ratio is then applied to the losses for each associated coverage for each year used in the formula calculation. The ratios that have been used in this filing are shown in Indication Exhibit 7.

Credibility:

The credibility standard used to determine the indication calculation for each coverage is derived from a credibility procedure based upon the number of paid claims and the distribution of claims for each coverage. The procedure that was used is more fully described in the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968) by Mayerson, Jones and Bowers. The complement of credibility being used is the trended permissible loss ratio.

Catastrophic Load:

A 9.3% catastrophic load is applied to Comprehensive coverage. This load is based on competitors' experience because we launched in the state less than five years ago and have very limited catastrophic data.

Permissible Loss Ratio:

The derivation of the permissible loss ratio and the underwriting profit provision is displayed in Indication Exhibits 8, 9, and 10.