



# P & C Rate Filings

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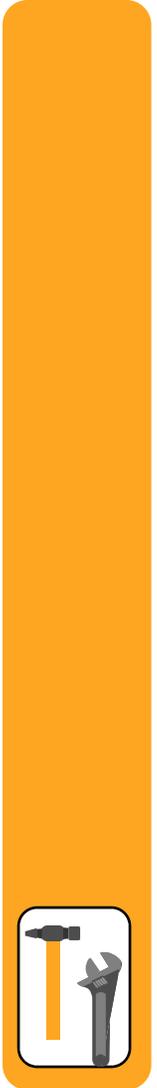
Senior Actuary

June 22, 2017



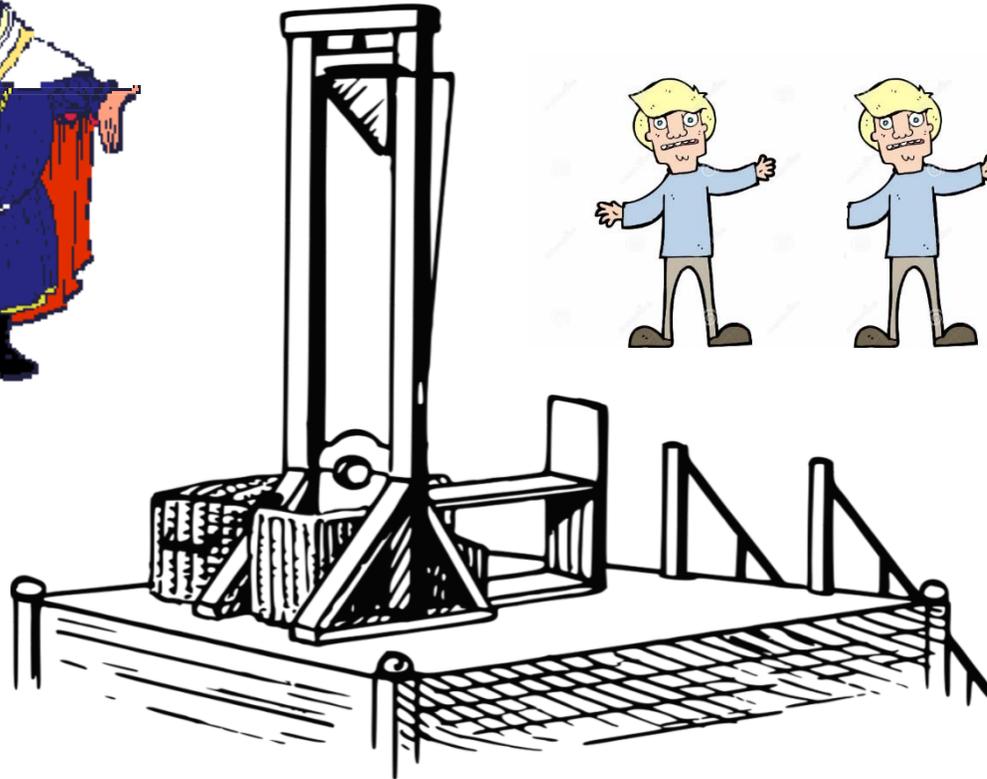
**Annual Louisiana Insurance  
Compliance Seminar & Legislative Review**

June 21-23, 2017  
Royal Sonesta | New Orleans, LA





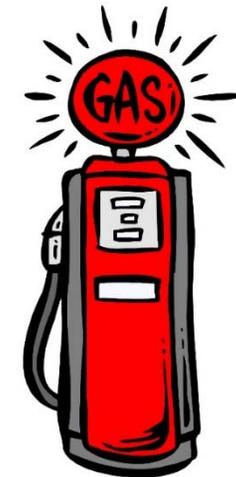
# Can Actuaries Provide TMI?





# Automobile Trends

- LDI trend benchmarks
- Increased driving
  - Low gasoline prices
  - Improved economy
- More complicated repairs





# Homeowners Trends

- LDI trend benchmarks
- Favorable non-cat trends
  - Improved economy
- Soft reinsurance market





# Filing Support

- Provide actuarial support, especially for new rating variables.
- Provide documentation, i.e., audit trail.
- Provide rationale for selections, especially trend.

XYZ Ins. Co	Exhibit 1		
<u>Rate-making Indication (\$000's)</u>			
(A)	(B)	(C)	(D)
Accident Year	Earned Premium	On-Level Factor	On-Level Earned Premium
2014	\$2,450	1.091	\$2,673
2015	\$2,512	1.072	\$2,693
2016	\$2,628	1.035	\$2,720
<b>TOTAL</b>	<b>\$7,590</b>		<b>\$8,086</b>
<b>NOTES:</b>			
<b>(B) – See Exh. 2</b>			
<b>(C) – See Exh. 3</b>			
<b>(D) = (B) x (C)</b>			





## Premium Trends / Loss Trends

- Often “mismatched”
- Example – negative company premium trends, positive industry loss trends
- Focus should be on “net trend”





# Catastrophe Modeling

- Catastrophe Model Interrogatories – see Bulletin 2013-04
- Confidentiality can be requested





# Cat Modeling

- Latest accepted models
  - RMS – 15.0.1
  - AIR – 15.0.2
  - CORELOGIC – 16.1
- Non-hurricane modeling
  - Experience history needed as support (e.g., 30 years)





## Other Personal Lines Issues

- 12-month separation rule for effective dates
  - For overall average rate increases
- Generalized linear modeling (GLM's)
  - Detailed support needed
- Risk Transfer Cost (RTC) – for property insurance
  - $RTC = \frac{(P\&C - 6.0\%) + NCR + RL}{\text{Hurricane AAL}}$
- Usual range 0.30 to 1.50





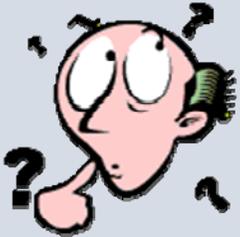
## Other Commercial Lines Issues

- Bulletin 2016-03 – schedule rating
- Measuring rate impacts
  - Use bureau loss cost impact only when premium volume is \$0
- Ranges of rates and other rating subjectivity are not acceptable except by virtue of schedule rating





# Questions?





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