LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

BULLETIN 07-06
(REVISED AND REISSUED)

TO: ALL PROPERTY AND CASUALTY INSURANCE COMPANIES

FROM: JAMES J. DONELON, COMMISSIONER

RE: LOSS COST MULTIPLIER WORKSHEETS (EXHIBITS C AND C-WC)

DATE: JULY 28, 2020


The Louisiana Department of Insurance (LDI) previously issued Bulletin 07-06 to issue newly developed loss cost multiplier (LCM) worksheets for use by property and casualty insurers. In addition to updated cited statutory provisions, Bulletin 07-06 is also being revised and reissued to update the website address where the current worksheet versions are located, and to update the contact email for questions regarding the worksheets.

There are two LCM worksheet versions:

Exhibit C: Lines Other Than Workers’ Compensation
Exhibit C-WC: Workers’ Compensation

These worksheets were created to be easier to use and more actuarially accurate. Please continue to be guided accordingly and be mindful Exhibit C-WC is particularly applicable for workers’ compensation where the indicated LCM should consider loss adjustment expense as well as expense constant and premium discount when used by a company. All components are now incorporated explicitly into the LCM calculation. In addition, the same LCM worksheet now works whether an expense constant is involved or not.
The LDI does not expect that every company's proposed LCM will equal its indicated LCM at all times. However, the LCM indication should be calculated as accurately as possible and should be the target toward which the company moves over time. The LCM worksheets allow space for comments on the difference between indicated and proposed LCMs, and the insurer shall disclose its rationale for differences, if any. These comments also apply to the expense constant.

The current versions of Exhibits C and C-WC are attached hereto. Electronic versions in both PDF and Microsoft Excel format are available on the LDI's website at:


If there are any questions regarding this Bulletin, please contact the Deputy Commissioner for the Office of Property and Casualty, electronically at public@ldi.la.gov.

Baton Rouge, Louisiana this 28th day of July, 2020.

JAMES J. DONELON
COMMISSIONER OF INSURANCE
### EXHIBIT C-WC - LOUISIANA LOSS COST MULTIPLIER WORKSHEET - WORKERS' COMPENSATION

1. General Information:
   A. Company Name
   B. Rating service filing reference number(s)
   C. Line/Subline/Classes underlying this page

2. Loss Cost Modification:
   A. Loss cost base
   B. Loss experience modification
   C. Company deviation factor
   D. Other
   E. Overall Loss Cost Modification

3. Loss Adjustment Expenses (LAE):
   (Attach supporting data)
   A. Ratio of Allocated LAE to Loss
   B. Ratio of Unallocated LAE to Loss
   C. Ratio of Total LAE to Loss $[3A + 3B]$

4. Expense Provisions:
   (Attach supporting data)
   A. Commission & Brokerage
   B. Other Acquisition
   C. General Expense
   D. Taxes, Licenses & Fees*
   E. Underwriting Profit & Contingencies
   F. Investment Income Offset
   G. Average Premium Discount Per Policy
   H. Other
   I. Total Expenses & Premium Discount
   J. Permissible Loss & LAE Ratio $[100.0\% - (4I Overall)]$
   K. Permissible Variable L&LAE Ratio $[100.0\% - (4I Variable)]$

5. Loss Cost Multiplier (LCM):
   A. Current Loss Cost Multiplier
   B. Indicated Loss Cost Multiplier $[2E \times (1 + 3C) / 4K]$
   C. Proposed Loss Cost Multiplier

6. Expense Constant:
   A. Current Expense Constant
   B. Average Prospective Loss Cost Per Policy (Underlying this Filing)
   C. Indicated Expense Constant $[( (1 / 4J) - (1 / 4K)) \times (6B)]$
   D. Proposed Expense Constant

7. Special Comments:
   (Disclose here, if any)

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* - Taxes, Licenses & Fees include the following in Louisiana: Premium Tax [L.R.S. 22:831(A)(1)]; Assessment [L.R.S. 22:1476(A)]; Fraud Assessment [L.R.S. 40:1428]; Municipal Tax [L.R.S. 22:833]; and Licenses & Fees

(Ed. 07/20)
EXHIBIT C - LOUISIANA LOSS COST MULTIPLIER WORKSHEET - LINES OTHER THAN WORKERS' COMPENSATION

1. General Information:
   A. Company Name
   B. Rating service filing reference number(s)
   C. Line/Subline/Classes underlying this page

2. Loss Cost Modification:
   A. Loss cost base*
   B. Loss experience modification (Use 1.000 if not applicable) __________
   C. Company deviation factor (Use 1.000 if not applicable) __________
   D. Other (Describe here) __________
   E. Overall Loss Cost Modification (2B x 2C x 2D) 0.000

3. Expense Provisions: (Attach supporting data)
<table>
<thead>
<tr>
<th>Selected Provisions</th>
<th>Overall</th>
<th>Variable</th>
<th>Fixed</th>
</tr>
</thead>
</table>
   A. Commission & Brokerage 0.0% N/A
   B. Other Acquisition 0.0%
   C. General Expense 0.0%
   D. Taxes, Licenses & Fees** 0.0% N/A
   E. Underwriting Profit & Contingencies 0.0% N/A
   F. Investment Income Offset 0.0% N/A
   G. Other (Describe here) 0.0%
   H. Total Expenses 0.0% 0.0% 0.0%
   I. Permissible Loss & LAE Ratio [100.0% - (3H Overall)] 100.0%
   J. Permissible Variable L&LAE Ratio [100.0% - (3H Variable)] 100.0%

4. Loss Cost Multiplier (LCM):
   A. Current Loss Cost Multiplier
   B. Indicated Loss Cost Multiplier (2E / 3J if 5D > 0; 2E / 3I if 5D = 0) 0.000
   C. Proposed Loss Cost Multiplier (Explain difference B vs C here)

5. Expense Constant: (Enter 0's if not applicable)
   A. Current Expense Constant
   B. Average Prospective Loss Cost Per Policy (Underlying this Filing)
   C. Indicated Expense Constant [(1 / 3I) - (1 / 3J)] x (5B) $0
   D. Proposed Expense Constant (Explain difference C vs D here)

6. Special Comments: (Disclose here, if any)

* - For example: "ISO loss costs (Losses -- including loss adjustment expenses; Excluding all other expenses and profit)"

(Ed. 07/20)