



## 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**

Acts 2008, No.415, § 1, effective January 1, 2009, redesignated the provisions of Title 22, formerly comprised of La. R.S. 22:1 to 22:3311, into a new format and numbering scheme comprised of La. R.S. 22:1 to 22:2371, without changing the substance of the provisions. Bulletin 07-06, originally issued on August 29, 2007, is being amended to update the cited statutory provisions.

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.

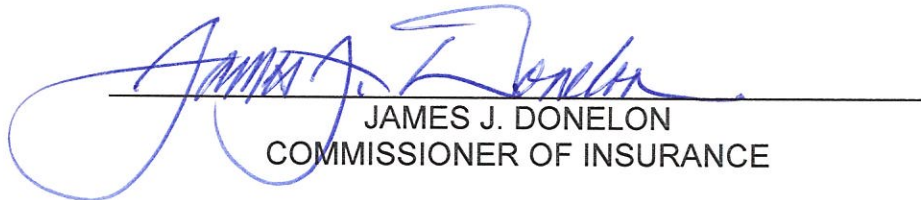
The LDI does not expect that every company's proposed LCM will equal its indicated LCM at all times. However, the LCM indication should be calculated as accurately as possible and should be the target toward which the company moves over time. The LCM worksheets allow space for comments on the difference 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:

<http://www.lidi.la.gov/industry/form-and-rate-filing/p-c-rating-filing-exhibits>

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](mailto:public@ldi.la.gov).

Baton Rouge, Louisiana this 28<sup>th</sup> day of July, 2020.



JAMES J. DONELON  
COMMISSIONER OF INSURANCE

**EXHIBIT C-WC - LOUISIANA LOSS COST MULTIPLIER WORKSHEET - WORKERS' COMPENSATION**

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

<b>2. Loss Cost Modification:</b>	
A. Loss cost base	<u>NCCI loss costs (Losses -- Excluding LAE, all other expenses, and profit; including loss based assessments)</u>
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 ] _____ <b>0.000</b>

<b>3. Loss Adjustment Expenses (LAE):</b> (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 ]	_____ <b>0.0%</b>

<b>4. Expense Provisions:</b> (Attach supporting data)		<u>Selected Provisions (Relative to Standard Premium - NOT Net Premium)</u>		
		<u>Overall</u>	<u>Variable</u>	<u>Fixed</u>
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. Average Premium Discount Per Policy		0.0%	_____	N/A
H. Other	(Describe here) _____	0.0%	_____	_____
I. Total Expenses & Premium Discount		0.0%	0.0%	0.0%
J. Permissible Loss & LAE Ratio	[ 100.0% - (4I Overall) ]	100.0%		
K. Permissible Variable L&LAE Ratio	[ 100.0% - (4I Variable) ]	100.0%		

<b>5. Loss Cost Multiplier (LCM):</b>	
A. Current Loss Cost Multiplier	_____
B. Indicated Loss Cost Multiplier	[ 2E x (1 + 3C) / 4K ] _____ <b>0.000</b>
C. Proposed Loss Cost Multiplier	(Explain difference B vs C here) _____ <input type="text"/>

<b>6. Expense Constant:</b>	
A. Current Expense Constant	_____
B. Average Prospective Loss Cost Per Policy	(Underlying this Filing) _____
C. Indicated Expense Constant	[ { (1 / 4J) - (1 / 4K) } x (6B) ] _____ <b>\$0</b>
D. Proposed Expense Constant	(Explain difference C vs D here) _____ <input type="text"/>

<b>7. Special Comments:</b>	(Disclose here, if any) _____
	_____

\* - 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

**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)

		Selected Provisions		
		Overall	Variable	Fixed
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)"

\*\* - 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]; Fire-related taxes (as applicable) [L.R.S. 22:835(A), L.R.S. 22:837(A), and L.R.S. 22:345]; and Licenses & Fees