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Oliver Wyman Actuarial Consulting, Inc.

June 10, 2008

Experience Rating Plan Options and Considerations

William Hansen, FCAS, MAAA
Columbus, Ohio



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Objectives of this Session



Objectives

Gain an understanding of:

- Split plan modeling and parameter testing
- Key performance measures and how they compare across plan scenarios
- Options that may improve plan performance
- Credibility tables in transition to split plan
- Premium impacts before and after capping
- Expected loss rate development

Split Plan Modeling Scenarios

Split Plan Modeling

Feature	Values
Minimum expected losses to qualify	\$8,000; \$15,000
Split Point	\$5,000 to \$30,000, increments of \$5,000
Maximum Single Loss	\$175,000 and \$250,000
Expected Loss Rates	Three methods including the current
Maximum Experience Mod for smaller risks	Not tested yet
Credibility	With and without Caps

Updates and refinements will be guided by objective performance measures and possibly implementation

Key Performance Measures



Key Performance Measures

Plan performance was tested to improve equity at many levels:

- Quintiles test by premium size, by debit mod versus credit Mod
- Debit Mods and credit mods using correlation measures
- Loss ratios by Premium size
- Loss ratios by group status

A note on the loss ratios shown on each exhibit--these loss ratios are developed for relative comparisons only, and cannot be used to evaluate overall rate adequacy performance. In other words, a loss ratio below an arbitrary threshold such as 100% does not imply sufficient premium funding for a class.

Key Performance Measures \$10,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2005

Quintile	Greater than \$4,500,000		\$1,000,001 to \$4,500,000		\$250,001 to \$1,000,000		\$50,001 to \$250,000		Less than \$50,000	
	Current	Plan 10N	Current	Plan 10N	Current	Plan 10N	Current	Plan 10N	Current	Plan 10N
1	420.2%	74.6%	378.1%	87.8%	91.2%	71.9%	57.3%	64.6%	47.6%	62.1%
2	276.9%	97.9%	166.1%	75.3%	58.9%	65.6%	57.9%	78.2%	54.3%	74.0%
3	230.3%	88.9%	115.6%	77.7%	57.0%	70.6%	58.4%	56.7%	49.4%	57.8%
4	104.7%	77.0%	86.1%	70.8%	44.9%	64.1%	42.7%	73.8%	58.9%	63.1%
5	59.3%	61.0%	58.5%	59.8%	60.7%	83.3%	57.4%	75.5%	64.6%	82.3%
Test Statistic	30.73	0.66	53.60	0.61	0.49	0.07	0.18	0.16	0.13	0.11

- The equity in the rating plan is improved with the new split plan, as the loss ratios are much more similar across the quintile segments.
- The test statistic is a formal measure of performance:
 - A measure above 1.00 means the experience rating plan is making results worse, or less equitable
 - A measure below 1.00 means the experience rating plan is predictive of higher costs, improving equity
 - In all cases a lower measure is better

Split Plan Summary Results
\$10,000 Split Point



Key Performance Measures \$15,000 and \$20,000 Split Point

\$15,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2005

Quintile	Greater than \$4,500,000		\$1,000,001 to \$4,500,000		\$250,001 to \$1,000,000		\$50,001 to \$250,000		Less than \$50,000	
	Current	Plan 15N	Current	Plan 15N	Current	Plan 15N	Current	Plan 15N	Current	Plan 15N
1	420.2%	80.1%	378.1%	94.0%	91.2%	74.9%	57.3%	70.4%	47.6%	67.9%
2	276.9%	100.6%	166.1%	80.8%	58.9%	67.8%	58.0%	76.0%	54.6%	71.1%
3	230.3%	100.0%	115.6%	82.5%	57.0%	68.6%	58.5%	54.6%	49.2%	57.6%
4	104.7%	79.7%	86.1%	70.0%	44.9%	62.7%	42.8%	71.7%	58.9%	61.4%
5	59.3%	61.3%	58.5%	60.5%	60.7%	79.3%	57.3%	68.9%	64.6%	71.0%
Test Statistic	30.73	0.82	53.60	0.93	0.49	0.05	0.18	0.16	0.13	0.05

\$20,000 Split Point

Experience Rated Loss Ratios by Size and Quintile--Policy Year 2005

Quintile	Greater than \$4,500,000		\$1,000,001 to \$4,500,000		\$250,001 to \$1,000,000		\$50,001 to \$250,000		Less than \$50,000	
	Current	Plan 20N	Current	Plan 20N	Current	Plan 20N	Current	Plan 20N	Current	Plan 20N
1	420.2%	85.7%	378.1%	104.4%	91.2%	77.4%	57.3%	67.9%	47.6%	69.5%
2	276.9%	106.0%	166.1%	82.8%	58.9%	68.8%	57.9%	74.7%	54.2%	79.0%
3	230.3%	105.9%	115.6%	83.6%	57.0%	67.0%	58.4%	59.4%	49.4%	54.1%
4	104.7%	82.4%	86.1%	72.8%	44.9%	62.8%	42.7%	69.2%	59.0%	57.3%
5	59.3%	61.4%	58.5%	59.6%	60.7%	75.7%	57.4%	63.1%	64.7%	65.1%
Test Statistic	30.73	0.99	53.60	1.47	0.49	0.05	0.18	0.10	0.13	0.15

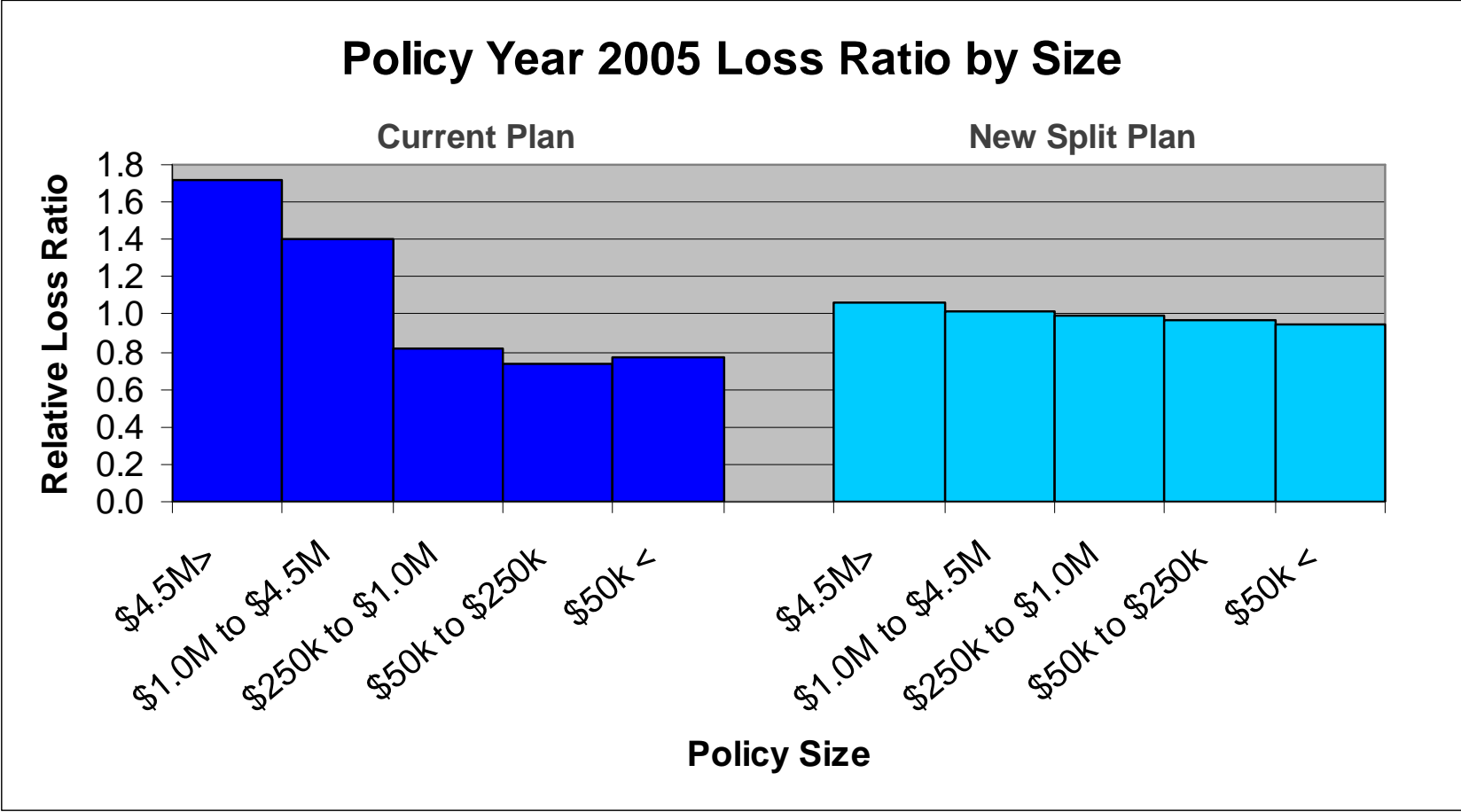
Split Plan Summary Results \$10,000 Split Point

Loss Ratios by Premium Size

Premium Ranges	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 10N	Current	Plan 10N	Current	Plan 10N
\$4,500,000 >	148.5%	86.9%	156.2%	84.0%	126.8%	76.4%
\$1,000,001 to \$4,500,000	124.2%	83.3%	95.1%	68.2%	103.4%	73.1%
\$250,001 to \$1,000,000	62.1%	76.0%	49.8%	62.1%	60.3%	71.9%
\$50,001 to \$250,000	61.8%	79.3%	53.7%	70.6%	54.6%	70.3%
\$50,000 <	69.5%	86.9%	59.1%	75.3%	56.7%	68.5%
Total	89.2%	84.2%	75.3%	72.3%	74.0%	72.1%

The loss ratios by premium size move towards the total average; equity is defined as having equal loss ratios across the segments

Split Plan Summary Results
\$10,000 Split Point



Key Performance Measures \$15,000 and \$20,000 Split Point

\$15,000 Split Point Loss Ratios by Premium Size

Premium Ranges	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 15N	Current	Plan 15N	Current	Plan 15N
\$4,500,000 >	148.5%	83.1%	156.2%	87.5%	126.8%	79.5%
\$1,000,001 to \$4,500,000	124.2%	85.6%	95.1%	69.7%	103.4%	75.5%
\$250,001 to \$1,000,000	62.1%	75.1%	49.8%	61.2%	60.3%	71.2%
\$50,001 to \$250,000	62.0%	77.0%	53.7%	68.4%	54.6%	68.2%
\$50,000 <	69.5%	83.1%	58.9%	71.6%	56.6%	65.1%
Total	89.3%	84.3%	75.3%	72.3%	74.0%	72.1%

\$20,000 Split Point Loss Ratios by Premium Size

Premium Ranges	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 20N	Current	Plan 20N	Current	Plan 20N
\$4,500,000 >	148.5%	79.6%	156.2%	90.6%	126.8%	82.5%
\$1,000,001 to \$4,500,000	124.2%	87.9%	95.1%	71.3%	103.4%	77.8%
\$250,001 to \$1,000,000	62.1%	74.3%	49.8%	60.6%	60.3%	70.6%
\$50,001 to \$250,000	61.8%	74.7%	53.7%	66.6%	54.6%	66.4%
\$50,000 <	69.1%	79.6%	59.1%	69.1%	56.7%	62.5%
Total	89.2%	84.3%	75.3%	72.4%	74.0%	72.2%

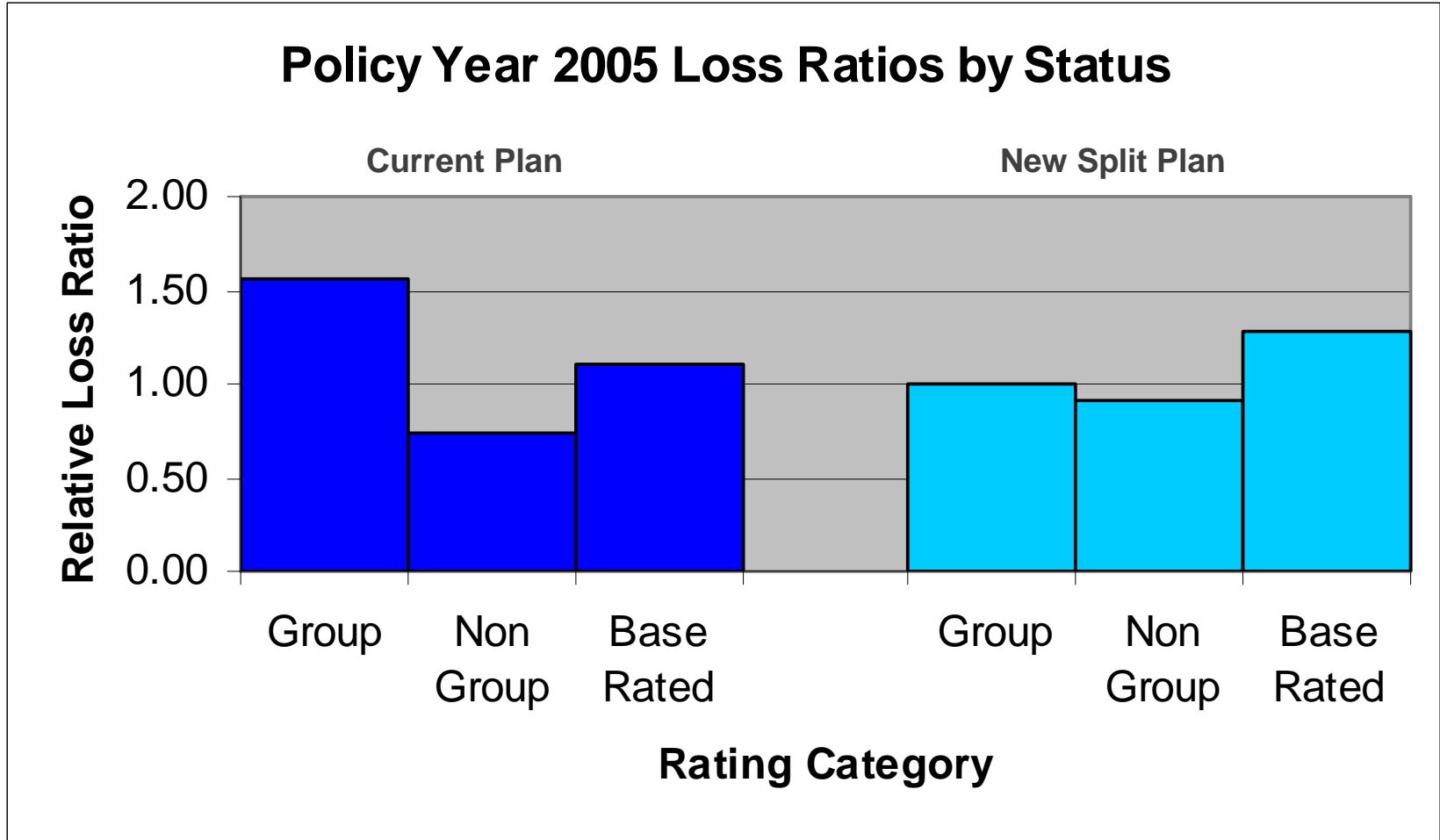
Split Plan Summary Results \$10,000 Split Point

Loss Ratios by Group Status

Policy Status	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 10N	Current	Plan 10N	Current	Plan 10N
Group	145.1%	89.0%	131.7%	77.8%	117.7%	75.7%
Non Group	63.8%	79.7%	53.4%	67.7%	56.1%	69.2%
Base Rated	80.2%	106.8%	73.7%	90.0%	83.0%	96.1%
Total	87.5%	87.5%	75.0%	75.0%	75.5%	75.5%

The loss ratios of Group and Non Group segments move towards the average (total) with this split plan scenario

Split Plan Summary Results
\$10,000 Split Point



Key Performance Measures \$15,000 and \$20,000 Split Point

\$15,000 Split Point Loss Ratios by Group Status

Policy Status	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 15N	Current	Plan 15N	Current	Plan 15N
Group	145.1%	92.0%	131.7%	80.5%	117.7%	78.6%
Non Group	63.9%	77.6%	53.3%	65.8%	56.1%	67.3%
Base Rated	79.9%	106.2%	73.8%	90.0%	83.0%	95.7%
Total	87.5%	87.5%	75.0%	75.0%	75.5%	75.5%

\$20,000 Split Point Loss Ratios by Group Status

Policy Status	Policy Year 2003		Policy Year 2004		Policy Year 2005	
	Current	Plan 20N	Current	Plan 20N	Current	Plan 20N
Group	145.1%	94.7%	131.7%	83.1%	117.7%	81.4%
Non Group	63.7%	75.6%	53.4%	64.4%	56.1%	65.7%
Base Rated	80.4%	106.3%	73.7%	89.5%	83.0%	95.3%
Total	87.5%	87.5%	75.0%	75.0%	75.5%	75.5%



Work in progress



Work in progress

Options Menu

1. Experience Mod cap for small risks
2. Lowering the qualification minimum
3. Varying the split point by Size
4. Varying the Maximum Single Loss by Size
5. Multi-split plan
6. Base Rated business
7. Mira 2
8. Group Rules

Considerations

1. Objective performance measures
2. Stability
3. Additional complexity balanced with ease of use
4. Implementation
5. Training
6. Programming
7. Performance benefit relative to administrative costs



Transition to New Credibility Table

Transition to new credibility table

Past results

Non Group policies (including base rated)				
[1]	[2]	[3]	[4]	[5]
Policy Year	Incurring Losses Evaluated as of	Undeveloped Incurred Losses	Premium	Loss Ratio
2003	3/31/2005	568,493,676	1,212,017,128	46.9%
2004	3/31/2006	508,621,732	1,339,310,748	38.0%
2005	3/31/2007	468,650,846	1,229,387,141	38.1%
2006	3/31/2008	412,382,998	1,170,543,357	35.2%
Total		1,958,149,252	4,951,258,374	39.5%

Group Policies					
[1]	[2]	[3]	[4]	[5]	[6]
Policy Year	Incurring Losses Evaluated as of	Undeveloped Incurred Losses	Premium	Loss Ratio	Grp [5]/non Grp [5]
2003	3/31/2005	422,863,701	408,225,707	103.6%	2.21
2004	3/31/2006	335,121,277	394,258,436	85.0%	2.24
2005	3/31/2007	292,650,438	395,388,376	74.0%	1.94
2006	3/31/2008	317,915,571	510,408,288	62.3%	1.77
Total		1,368,550,987	1,708,280,807	80.1%	2.03

All Policies				
[1]	[2]	[3]	[4]	[5]
Policy Year	Incurring Losses Evaluated as of	Undeveloped Incurred Losses	Premium	Loss Ratio
2003	3/31/2005	991,357,377	1,620,242,835	61.2%
2004	3/31/2006	843,743,009	1,733,569,184	48.7%
2005	3/31/2007	761,301,284	1,624,775,517	46.9%
2006	3/31/2008	730,298,569	1,680,951,644	43.4%
Total		3,326,700,239	6,659,539,180	50.0%

Improvement in the relationship of group loss ratios to non group from 2004 to 2006 shows that the credibility changes have progressed in the right direction, however the group loss ratio remains 77% higher in 2006 (col. [6] = 1.77) showing there is still a large gap remaining between these policy segments. Ignoring expense differences, equity will be achieved when the expected loss ratios are equal across these segments.

These loss ratios were developed for relative comparisons only, and cannot be used to evaluate overall performance. In other words, loss ratios below 100% do not imply adequate performance.

Transition to new credibility table First year projected impacts

Estimate of 85% table to 77% table, Group business only

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 77% Premium- Uncapped	[4] Average New 77% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	241	301	301	24.8%	30,368	0
501 - 999	721	920	920	27.6%	15,086	0
1,000 - 2,499	1,613	2,018	1,969	22.1%	18,774	5,895
2,500 - 4,999	3,552	4,296	4,081	14.9%	10,974	6,195
5,000, - 9,999	7,077	8,216	7,941	12.2%	7,642	3,105
10,000 +	45,307	47,374	47,001	3.7%	12,151	2,128
	7,285	7,858	7,754		94,995	17,323

Transition to new credibility table First year projected impacts

Estimate of 85% table to 77% table, Non Group business only

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 77% Premium- Uncapped	[4] Average New 77% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	212	202	202	-4.4%	57,229	1
501 - 999	721	681	681	-5.5%	20,342	1
1,000 - 2,499	1,604	1,506	1,506	-6.1%	23,714	1
2,500 - 4,999	3,519	3,304	3,304	-6.1%	12,865	3
5,000, - 9,999	7,021	6,660	6,659	-5.2%	8,275	1
10,000 +	77,155	72,083	72,015	-6.7%	12,947	23
	8,621	8,067	8,060		135,372	30

Transition to new credibility table First year projected impacts

Estimate of 85% table to 77% table, risks moving from Group to Non Group

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 77% Premium- Uncapped	[4] Average New 77% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	199	719	300	50.3%	1,318	1,233
501 - 999	736	2,900	1,210	64.5%	481	425
1,000 - 2,499	1,633	6,270	2,721	66.7%	734	615
2,500 - 4,999	3,630	12,303	5,963	64.3%	570	419
5,000, - 9,999	6,970	20,774	11,511	65.2%	496	347
10,000 +	55,041	91,436	79,883	45.1%	1,087	467
	14,334	26,388	21,109		4,686	3,506

Transition to new credibility table Second year projected impacts

Estimate of 77% table to 65% table, Group business only

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 65% Premium- Uncapped	[4] Average New 65% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	248	307	307	24.2%	25,400	0
501 - 999	726	923	923	27.1%	14,914	0
1,000 - 2,499	1,647	2,095	2,024	23.0%	20,679	5,347
2,500 - 4,999	3,522	4,550	4,079	15.8%	12,360	7,644
5,000, - 9,999	7,064	8,674	8,021	13.6%	8,517	3,909
10,000 +	44,320	47,604	46,623	5.2%	13,125	2,914
	7,754	8,630	8,359		94,995	19,814

Transition to new credibility table Second year projected impacts

Estimate of 77% table to 65% table, Non Group business only

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 65% Premium- Uncapped	[4] Average New 65% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	210	198	198	-5.7%	58,799	1
501 - 999	720	668	668	-7.2%	20,527	0
1,000 - 2,499	1,600	1,474	1,474	-7.9%	23,359	0
2,500 - 4,999	3,513	3,231	3,231	-8.0%	12,414	0
5,000, - 9,999	7,003	6,481	6,481	-7.5%	7,740	0
10,000 +	74,110	69,990	69,987	-5.6%	12,533	3
	8,060	7,588	7,588		135,372	4

Transition to new credibility table Second year projected impacts

Estimate of 77% table to 65% table, risks moving from Group to Non Group

[1] Policy Size Range	[2] Prior Renewal Premium (capping basis)	[3] Average New 65% Premium- Uncapped	[4] Average New 65% Premium-Capped	[5] Percentage Impact After Capping	[6] Total Number of Risks	[7] Total Number of Risks Capped
0 - 500	207	430	306	47.6%	1,053	860
501 - 999	724	1,597	1,131	56.3%	386	290
1,000 - 2,499	1,654	3,591	2,549	54.1%	693	474
2,500 - 4,999	3,598	7,281	5,182	44.0%	572	307
5,000, - 9,999	7,122	13,344	10,297	44.6%	560	275
10,000 +	64,153	71,733	68,991	7.5%	1,422	257
	21,109	25,010	23,338		4,686	2,463

Transition to new credibility table Third year projected impacts

Estimate of 65% table to 10k split curve, Group business only

[1]	[2]	[3]	[4]	[5]	[6]	[7]
Policy Size Range	Prior Renewal Premium (capping basis)	Average New Split Plan Premium- Uncapped	Average New Split Plan Premium- Capped	Percentage Impact After Capping	Total Number of Risks	Total Number of Risks Capped
0 - 500	254	277	277	9.0%	21,175	0
501 - 999	730	801	801	9.6%	13,804	0
1,000 - 2,499	1,661	1,838	1,828	10.1%	21,587	877
2,500 - 4,999	3,471	4,211	3,934	13.3%	14,627	6,317
5,000, - 9,999	7,072	8,381	7,936	12.2%	9,466	3,088
10,000 +	43,602	47,684	46,924	7.6%	14,336	2,065
	8,359	9,276	9,072		94,995	12,347

Transition to new credibility table Third year projected impacts

Estimate of 65% table to 10k split curve, Non Group business only

[1]	[2]	[3]	[4]	[5]	[6]	[7]
Policy Size Range	Prior Renewal Premium (capping basis)	Average New Split Plan Premium-Uncapped	Average New Split Plan Premium-Capped	Percentage Impact After Capping	Total Number of Risks	Total Number of Risks Capped
0 - 500	208	204	204	-1.9%	60,971	0
501 - 999	719	702	702	-2.4%	20,612	0
1,000 - 2,499	1,598	1,554	1,554	-2.8%	22,941	0
2,500 - 4,999	3,517	3,417	3,417	-2.8%	11,766	0
5,000, - 9,999	6,989	6,750	6,750	-3.4%	7,081	0
10,000 +	72,674	69,082	69,082	-4.9%	12,001	0
	7,588	7,236	7,236		135,372	0

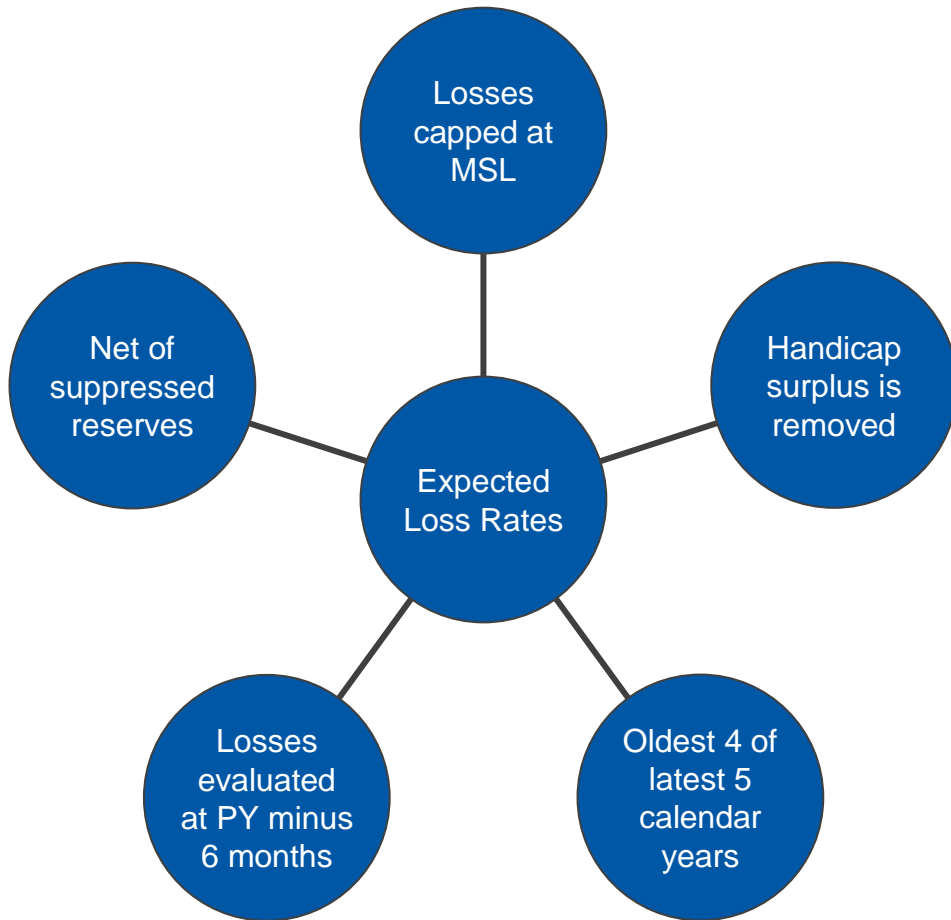
Transition to new credibility table Third year projected impacts

Estimate of 65% table to 10k split curve, risks moving from Group to Non Group

[1]	[2]	[3]	[4]	[5]	[6]	[7]
Policy Size Range	Prior Renewal Premium (capping basis)	Average New Split Plan Premium- Uncapped	Average New Split Plan Premium- Capped	Percentage Impact After Capping	Total Number of Risks	Total Number of Risks Capped
0 - 500	213	276	276	29.5%	833	6
501 - 999	730	981	980	34.2%	378	3
1,000 - 2,499	1,686	2,174	2,166	28.5%	607	8
2,500 - 4,999	3,606	4,474	4,410	22.3%	623	35
5,000, - 9,999	7,224	8,972	8,791	21.7%	557	48
10,000 +	60,197	59,339	59,236	-1.6%	1,688	36
	23,338	23,446	23,378		4,686	136

Development of Expected Loss Rates

Development of Expected Loss Rates Data



Development of Expected Loss Rates Current Method

Split and no split plans use expected loss rates (ELR's) to determine the expected losses. The ELR's are computed at the manual class level, and are updated each policy year. The basic formula is as follows: $ELR = (4 \text{ year total losses}) / (4 \text{ year total payroll})$.

For many classes the approach works well because:

- All of the loss data for Ohio is reported to the BWC, which means the complete history is included for each class.
- Each employer's results are compared to the state average for the class
- It is simple to determine

For some classes the results are not optimal because:

- Classes with small volume can have big swings in ELR's.
- The base rate calculation includes a credibility provision, whereas the ELR calculation does not.
- The current manual pure premium and ELR should have a reasonably consistent relationship since each is estimating expected losses, just at different points in time.

Development of Expected Loss Rates Methodology

Method	Algorithm	Considerations	Performance
'1'	<p>Primary ELR = primary loss/payroll</p> <p>Excess ELR= excess loss/payroll</p> <p>(Medical only limited to 30%)</p>	<p>Similar to current; simple to estimate; subject to fluctuations</p>	<p>Under performed relative to other methods</p>
'2'	<p>Primary ELR = primary loss/payroll</p> <p>Excess ELR= Industry Grp excess ratio * total ELR</p> <p>(Medical only limited to 30%)</p>	<p>More stable, but also more steps to estimate</p>	<p>Better than method #1; about the same as method #3</p>
'3'	<p>Primary ELR = (Mthd 1 primary ELR)*Zp + (primary pure premium)*(1-Zp)</p> <p>Excess ELR= (Mthd 1 excess ELR)*Ze + (primary pure premium)*(1-Ze)</p> <p>(Medical only limited to 30%)</p>	<p>Stable, with more steps to estimate; more consistent with pure premium</p>	<p>Better than method #1; about the same as method #2</p>

Development of Expected Loss Rates Examples

Method 1-Current with Med Only 30% Limit
Policy Year 2005
MSL 175k, Primary Loss \$20,000

Manual Class	Primary Loss Rate	Excess Loss Rate	Total Expected Loss Rate
5	0.66	0.73	1.38
8	0.42	0.66	1.08
16	1.57	3.53	5.10
34	0.98	1.11	2.08
35	0.67	0.57	1.24
36	0.80	1.36	2.15
37	0.82	1.50	2.33
42	1.28	1.83	3.11
50	0.49	-	0.49
79	0.77	-	0.77
83	1.13	1.13	2.26
106	3.58	6.03	9.60
113	0.12	-	0.12
170	0.52	-	0.52
251	3.91	-	3.91

Method 2-Industry Grp Excess Loss Rates
Policy Year 2005
MSL 175k, Primary Loss \$20,000

Manual Class	Primary Loss Rate	Excess Loss Rate	Total Expected Loss Rate
5	0.66	0.82	1.47
8	0.42	0.64	1.06
16	1.57	3.01	4.59
34	0.98	1.23	2.21
35	0.67	0.73	1.40
36	0.80	1.27	2.07
37	0.82	1.37	2.20
42	1.28	1.94	3.22
50	0.49	0.30	0.79
79	0.77	0.45	1.22
83	1.13	1.34	2.47
106	3.58	5.99	9.57
113	0.12	0.07	0.19
170	0.52	0.31	0.82
251	3.91	2.31	6.23

Method 3-Credibility Wghtd Exp. Loss Rates
Policy Year 2005
MSL 175k, Primary Loss \$20,000

Manual Class	Primary Loss Rate	Excess Loss Rate	Total Expected Loss Rate
5	0.66	0.83	1.48
8	0.44	0.67	1.11
16	1.73	2.69	4.42
34	0.93	1.13	2.06
35	0.66	0.71	1.36
36	0.86	1.35	2.21
37	0.84	1.35	2.19
42	1.28	1.86	3.14
50	1.34	2.36	3.71
79	0.57	0.73	1.29
83	1.07	1.33	2.40
106	3.58	5.99	9.57
113	0.73	1.09	1.82
170	0.71	1.02	1.73
251	0.90	1.14	2.04

Development of Expected Loss Rates D-Ratios

- The D-ratio is defined as the ratio of primary losses to total losses, and is typically determined at the class level.
- Workers Compensation rating plans often show a table of expected loss rates and D-ratios by class, where the D-ratios are used to split the ELR's into primary and excess components.
- In Ohio we have explicitly determined the primary and excess ELR's, however D-ratios could easily be determined if required for implementation.
- An overall D-ratio estimate is used as weight to determine the total credibility curves.
- The D-ratio increases as the primary split point increases; in other words the D-ratio is higher for a \$20k split point than for a \$10k split point.

Example:

Primary Losses/Total Losses = D-ratio

Class 'A': \$100,000/\$450,000= 22%

Expected Loss Rate Class 'A':	\$	1.50
D-ratio		22%
Primary Expected Loss Rate	\$	0.33
Excess Expected Loss Rate	\$	1.17

Recap



Recap

1. A large number of parameter options were studied for improving performance, and more refinements are possible
2. Several class segments such as size, quintile or mod, and group status were evaluated for performance (equity)
3. Past credibility table changes are in the right direction, however a large gap still remains between the large premium size risks and the small premium size risks
4. The transition credibility tables are designed to smooth the premium impact through the transition, while the capping mechanism limits increases even more
5. A few different options are being considered for developing expected loss rates, however changing the calculation method is less significant to overall plan performance

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