

Illinois Overall Indicated Rate Change Calculation

Based on Company Loss Experience Data From 2007-2009

<u>Year</u>	<u>Actual Premium</u>	<u>Actual Losses</u>	<u>LPF¹</u>	<u>Projected Losses</u>	<u>Projected Loss Ratio</u>
2007	7,873,067	4,863,841	1.021	4,965,982	63.08%
2008	8,148,979	5,306,814	1.016	5,391,723	66.16%
2009	8,558,318	5,894,862	1.011	5,959,706	69.64%
Total	24,580,364	16,065,517		16,317,410	66.38%

$$\text{Indicated Change} = \frac{\text{PLR} \times (1 + \text{VER})}{1 - \text{FER} - \text{PPC} + (1.5 \times \text{INV})}$$

PLR	Projected Loss Ratio	66.38%
VER	Variable Expense Ratio	10.00%
FER	Fixed Expense Ratio	35.00%
PPC	Provision for Profit and Contingencies	5.00%
INV	Investment Income Yield (from separate exhibit)	1.95%

$$\text{Indicated Rate Change} = \mathbf{16.05\%}$$

¹ From Loss Projection Factor Exhibit

