

→ **Example** → You are given the following information:

- Company X implemented the following rate changes between 2013 and 2016:

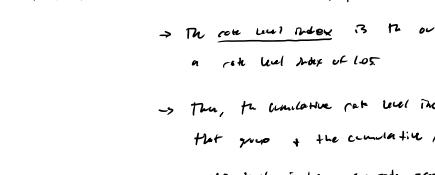
Effective Date	Rate Change
5/1/2013	+3%
1/1/2016	-1%
7/1/2016	+5%

- The calendar year earned premiums for Company X are as follows:

Calendar Year	Earned Premium
2014	4,800
2015	5,200
2016	5,600

- Company X only writes annual policies.

Calculate the earned premium at the current rate level for calendar year 2016.



→ **Step 2** → Calculate the cumulative rate level index for each rate group.

$$\text{Rate Group} \quad \text{Cumulative Rate Level Index}$$

Rate Group	Cumulative Rate Level Index
I	1.00
II	1.03
III	1.08
IV	1.15

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