

Report Year	% Represented Claims		% Lawsuits Claims	
	Tri-County	Remainder of State	Tri-County	Remainder of State
2014	31%	9%	11%	3%
2015	42%	10%	17%	4%
2016	48%	13%	22%	6%
2017	53%	16%	24%	7%
2018	48%	15%	17%	5%

The Tri-County region includes geographically contiguous territories that represent 55.9% of the Company's 2018 earned premium volume for forms HO-3, HO-8 and HO-6 combined. As illustrated throughout the filing, when analyzing loss trends and development patterns for the two regions, there are meaningful differences in indicated trends between the two regions selected, further supporting the decision to produce separate indications for the two regions.

For all selections and for the overall indication, an attempt is made to balance regional selections with those made at the statewide level. This task is difficult in some cases due to the growth in the Tri-County region versus Remainder of State. For example, statewide trends can stem from regional shifts in business. When regional and more relevant trends are selected, then applied to current level premium splits, an off-balance can occur. In this filing, statewide trend, loss development, and non-hurricane catastrophe loads are calculated based on regional selections, in order to best reflect the distinct sections as well as shifting mixes of business. This process also creates a greater balance between statewide and regional indications. As demonstrated below, a consistent methodology of making selections has been employed across each region whenever possible for each rating segment.

Premium/Exposure Data

Columns (3) through (5) of the FLOIR rate indication template provide actual direct written premiums, earned house years and direct earned premiums.

Current Level Earned Premium

The current level factors in Column (6) of the FLOIR rate indication template are based on earned premiums at the statewide level for each calendar year from 2014 through 2018. The earned premiums were brought to current level using the parallelogram method and historic rate changes (from historical HRCS submissions) by form and territory. Support can be found in the file "2020 Territorial Premium Data.xlsx."

Premium Trend

The annual premium trend percentages were selected from a review of calendar quarter earned premium at current rate level per earned house year by policy form. The calendar quarter earned premiums were brought to current level using the parallelogram method and historic rate changes (from historical HRCS submissions) by form in Exhibit 2, Sheets 2.1 – 2.3. Premium trend selections are based on the 16-point exponential fit of the calendar quarter earned premium at current rate level per earned house year.

In this analysis, sole reliance is placed on indicated trends of the calendar quarter earned premium at current rates per earned house year. This measure allows for a reflection of the multiple factors that influence changes in premium levels, versus a measure that only reflects changes in policy limits. For example, increases in wind mitigation credits from year to year have the effect of reducing trends that might otherwise have been observed through a review of policy limits. Over the 5-year experience period, UPCIC's average wind mitigation credit as a percentage of the total premium before the wind mitigation credit is applied has increased across all homeowners policy forms as shown in the table below: