

**NAIC EXPENSE CONSTANT SUPPLEMENT**  
**CALCULATION OF COMPANY LOSS COST MULTIPLIER**  
**WITH EXPENSE CONSTANTS**

(EFFECTIVE AUG. 16, 2004)

(This form must be provided ONLY when making a filing that includes an expense constant)

<b>This filing transmittal is part of Company Tracking #</b>	
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

**Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)**

Selected Provisions

4.			Overall	Variable	Fixed	
	A.	Total Production Expense				%
	B.	General Expense				%
	C.	Taxes, License & Fees				%
	D.	Underwriting Profit & Contingencies*				%
	E.	Other (explain)				%
	F.	<b>TOTAL</b>				%
		*Explain how investment income is taken into account.				

5.	A.	Expected Loss Ratio: $ELR = 100\% - \text{Overall } 4F$				%
	B.	ELR in decimal form =				
	C.	Variable Expected Loss Ratio: $VELR=100\% - \text{Variable } 4F$				%
	D.	VELR in Decimal Form = B. ELR in Decimal Form =				

6.	A.	Formula Expense Constant: $[(1.00 \text{ divided by } 5B) - (1.00 \text{ divided by } 5D)]$				
	B.	Formula Variable Loss Cost Multiplier $(3B \text{ divided by } 5D)$				

7.	A.	Selected Expense Constant =				%
	B.	Selected Variable Loss Cost Multiplier =				%

**8. Explain any differences between 6 and 7:**

9.	<b>Rate level change for the coverage(s) to which this page applies</b>				%
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