

2019 Market Conduct Annual Statement Ratios

Property & Casualty (Private Passenger Auto & Homeowner)

Ratio 1. **The number of claims closed without payment compared to the total number of claims closed**

$$\left(\frac{[\text{\# of claims closed without payment}]}{[\text{\# of claims closed with payment}] + [\text{\# of claims closed without payment}]} \right)$$

Ratio 2. **Percentage of claims unprocessed at the end of the period**

$$\left(\frac{\begin{array}{l} \text{\# of claims open at the Beginning of period} + \text{\# of claims opened during period} \\ - \text{\# of claims closed with payment} - \text{\# of claims closed without payment} \end{array}}{\text{\# of claims open at the beginning of period} + \text{\# of claims opened during the period}} \right)$$

Ratio 3. **Percentage of claims paid beyond 60 days**

$$\left(\frac{[\text{total \# of claims settled beyond 60 days}]}{[\text{total \# of claims settled for all durations}]} \right)$$

Ratio 4. **Non-renewals to policies in force**

$$\left(\frac{[\text{\# of non - renewals}]}{[\text{\# of policies in force}]} \right)$$

Ratio 5. **Cancellations over 60 days to policies in force**

$$\left(\frac{[\text{\# of cancellations 60 days or more after the effective date}]}{[\text{\# of policies in force}]} \right)$$

Ratio 6. **Cancellations under 60 days to new policies issued**

$$\left(\frac{[\text{\# of cancellations that occur in the first 59 days after effective date}]}{[\text{\# of new policies issued}]} \right)$$

Ratio 7. **Suits opened during the period to claims closed without payment**

$$\left(\frac{[\text{\# of suits open during the period}]}{[\text{\# of claims closed without payment}]} \right)$$

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Life & Annuity

Schedule 1 - Individual Cash Value Products (ICVP)

Ratio 1. **The number of replacements issued compared to the number of new policies issued**

$$\left(\frac{[\text{\# of replacement policies issued}]}{[\text{\# of new policies issued}]} \right)$$

Ratio 2. **The number of policies replaced where the age of the insured at replacement was greater than or equal to 65 compared to the total number of replacements**

$$\left(\frac{[\text{\# of replacements where age} \geq 65]}{[\text{\# of replacements where age} < 65] + [\text{\# of replacements where age} \geq 65]} \right)$$

Ratio 3. **The number of surrenders compared to the number of policies issued**

$$\left(\frac{[\text{\# of surrenders}]}{[\text{\# of new policies issued}]} \right)$$

Ratio 4. **The number of policies surrendered through 10 years from policy issue compared to the total number of surrenders**

$$\left(\frac{[\text{\# of surrenders} < 2 \text{ years from issuance}] + [\text{\# of surrenders } 2 - 5 \text{ years from issuance}] + [\text{\# of surrenders } 6 - 10 \text{ years from issuance}]}{[\text{Total surrendered during the period}]} \right)$$

Ratio 5. **The number of claims paid beyond 60 days from the date of due proof of loss compared to the number of claims paid**

$$\left(\frac{[\text{\# of claims paid beyond 60 days}]}{[\text{\# of claims paid within 30 days}] + [\text{\# of claims paid within 31 - 60 days}] + [\text{\# of claims paid beyond 60 days}]} \right)$$

Ratio 6. **The number of claims denied, resisted or compromised compared to the number of claims closed**

$$\left(\frac{[\text{\# of claims denied, resisted or compromised}]}{[\text{\# of claims paid within 30 days}] + [\text{\# of claims paid within 31 - 60 days}] + [\text{\# of claims paid beyond 60 days}] + [\text{\# of claims denied, resisted or compromised}]} \right)$$

Ratio 7. **The number of complaints received directly from consumers per 1,000 policies in force**

$$\left(\frac{[\text{\# of complaints received from consumers}]}{([\text{\# of policies in force}] \div 1,000)} \right)$$

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Schedule 2 - Individual Non-Cash Value Products (INCVP)

- Ratio 1. **The number of replacements issued compared to the number of policies issued**
- Ratio 5. **The number of claims paid beyond 60 days from the date of due proof of loss compared to the number of claims paid**
- Ratio 6. **The number of claims denied, resisted or compromised compared to the number of claims closed**
- Ratio 7. **The number of complaints received directly from consumers per 1,000 policies in force**

Schedule 3 - Individual Fixed Annuities (IFA) and

Schedule 4 - Individual Variable Annuities (IVA)

(Separate ratios are provided for each schedule)

- Ratio 1. **The number of replacements issued compared to the number of contracts issued**
- Ratio 2. **The number of contracts replaced where the age of the annuitant at Replacement was > 80 to the total number of replacements**

$$\left(\frac{[\# \text{ of replacements where age } > 80]}{[\# \text{ of replacements issued during the period}]} \right)$$

- Ratio 3. **The number deferred annuity contracts issued to annuitants more than 80 years old compared to total deferred annuities issued**

$$\left(\frac{[\# \text{ of new deferred contracts issued where age was } > 80]}{[\# \text{ of new deferred contracts issued during period}]} \right)$$

- Ratio 4. **The number of contracts surrendered through 10 years from contract issue compared to the total number of surrenders**
- Ratio 7. **The number of complaints received directly from consumers per 1,000 contracts in force**

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Long Term Care

Schedule 1 - General

Ratio 1. **The percentage of replacements to new business issued**

$$\left(\frac{[\# \text{ of internal replacement policies issued} + \# \text{ of external replacement policies issued}]}{[\# \text{ of new business policies issued}]} \right)$$

Ratio 2. **The number of complaints per 1,000 policies in-force as of the end of the reporting period**

$$\left(\frac{[\# \text{ of complaints received from consumers}]}{([\# \text{ of policies in force}] \div 1,000)} \right)$$

Schedule 2 - Claimants

Ratio 3. **The average number of claimants per policy in-force**

$$\left(\frac{[\# \text{ of claimants approved for benefits at the end of the period}]}{[\# \text{ of policies in - force}]} \right)$$

Schedule 3 – Claimant Requests Denied/Not Paid

Ratio 4. **The percentage of denied claimant requests to new claimants**

$$\left(\frac{[\# \text{ of requests denied or not paid}]}{[\# \text{ of new claimants during the period} + \# \text{ of pending claimant requests at the beginning of period}]} \right)$$

Schedule 4 – Claimant Request Determination Timeliness

Ratio 5. **The percentage of claim determination made more than 60 days from notice of claim**

$$\left(\frac{[\# \text{ of claim determinations made within 60 to 90 days} + \text{claim determinations made beyond 90 days}]}{[\text{Total } \# \text{ of claim determinations made}]} \right)$$

Schedule 5 – Benefit Payment Requests

Ratio 6. **The percentage of benefit payment requests denied**

$$\left(\frac{[\# \text{ of payment requests denied or not paid}]}{[\text{total requests received} + \text{total requests pending at beginning of period}]} \right)$$

Schedule 6 – Benefit Payment Request Timeliness

Ratio 7. **The percentage of benefit request payments made more than 60 days from notice of request**

$$\left(\frac{[\# \text{ of benefit requests paid within 60 to 90 days} + \text{benefit requests paid beyond 90 days}]}{[\text{total } \# \text{ of benefit payments paid}]} \right)$$

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Ratio 8. **The percentage of benefit request denials made more than 60 days from notice of request**

$$\left(\frac{[\text{benefit requests denied or not paid within 60 to 90 days} + \text{benefit requests denied or not paid beyond 90 days}]}{[\text{total \# of benefit requests denied or not paid}]} \right)$$

Schedule 7 - Lawsuits

Ratio 9. **The percentage of lawsuits closed with consideration for the consumer**

$$\left(\frac{[\text{\# of lawsuits closed with consideration for consumer}]}{[\text{total\# of lawsuits closed during the period}]} \right)$$

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Health

Both In-Exchange and Out-of-Exchange Markets

Ratio 1. **The number of claim denials to the total number of claims received (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claim denials for in - network claims} + \# \text{ of claim denials for out - of - network claims}]}{[\# \text{ of claims received}]} \right)$$

Ratio 2. **Percentage of in-network claims (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims submitted by network providers}]}{[\# \text{ of claims received}]} \right)$$

Ratio 3. **Percentage of out-of-network claims (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims submitted by out - of - network providers}]}{[\# \text{ of claims received}]} \right)$$

Note: Ratios 2 and 3 are not calculable for Pharmacy.

Ratio 4. **Percentage of in-network claims paid within 30 days (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims paid within 0 to 30 days for in - network services}]}{[\# \text{ of paid claims for in - network services}]} \right)$$

Ratio 5. **Percentage of in-network claims denied within 30 days (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims denied within 0 to 30 days for in - network services}]}{[\# \text{ of claim denials for in - network claims}]} \right)$$

Ratio 6. **Percentage of out-of-network claims paid within 30 days (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims paid within 0 to 30 days for out - of - network services}]}{[\# \text{ of claims paid for out - of - network services}]} \right)$$

Ratio 7. **Percentage of out-of-network claims denied within 30 days (Excluding Pharmacy)**

$$\left(\frac{[\# \text{ of claims denied within 0 to 30 days for out - of - network services}]}{[\# \text{ of claims denied for out - of - network services}]} \right)$$

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Ratio 8. **Percentage of claims paid (Pharmacy Only)**

$$\left(\frac{[\# \text{ of claims paid for in - network services} + \# \text{ of claims paid for out - of - network services}]}{[\# \text{ of claims received}]} \right)$$

Ratio 9. **Insured co payment responsibility to covered lives (Excluding Pharmacy)**

$$\left(\frac{[\text{insured co payment responsibility}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/12]} \right)$$

Ratio 10. **Insured coinsurance responsibility to covered lives (Excluding Pharmacy)**

$$\left(\frac{[\text{coinsurance responsibility}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/12]} \right)$$

Ratio 11. **Insured deductible responsibility to covered lives (Excluding Pharmacy)**

$$\left(\frac{[\text{deductible responsibility}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/12]} \right)$$

Ratio 12. **Cost sharing responsibility to covered lives (Pharmacy Only)**

$$\left(\frac{[\text{insured co payment responsibility} + \text{coinsurance responsibility} + \text{deductible responsibility}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/12]} \right)$$

Ratio 13. **Adverse determination grievances per 1,000 member months**

$$\left(\frac{[\# \text{ of customer requests for internal reviews of grievances involving adverse determinations}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/1000]} \right)$$

Ratio 14. **Adverse determinations overturned to total grievances involving adverse determinations**

$$\left(\frac{[\# \text{ of adverse determinations overturned}]}{[\# \text{ of customer requests for internal review of grievances involving adverse determinations}]} \right)$$

Ratio 15. **Adverse determinations upheld to total grievances involving adverse determinations**

$$\left(\frac{[\# \text{ of adverse determinations upheld}]}{[\# \text{ of customer requests for internal review of grievances involving adverse determinations}]} \right)$$

Ratio 16. **Grievances not involving adverse determinations per 1,000 member months**

$$\left(\frac{[\# \text{ of requests for internal reviews of grievances not involving adverse determinations}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/1000]} \right)$$

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Ratio 17. **Customer requested appeals on final adverse determinations to an external review organization (ERO) per 1,000 member months**

$$\left(\frac{[\text{\# of customer requested appeals on final adverse determinations to an ERO}]}{[(\text{member months for policies issued} + \text{member months for policies renewed})/1000]} \right)$$

Ratio 18. **Final adverse determinations upheld upon request for external review to number of requested appeals on final adverse determinations to an external review organization (ERO)**

$$\left(\frac{[\text{\# of final adverse determinations upheld upon request for external review}]}{[\text{\# of customer requested appeals on final adverse determinations to an ERO}]} \right)$$

Ratio 19. **Final adverse determinations overturned upon request for external review to number of requested appeals on final adverse determinations to an external review organization (ERO)**

$$\left(\frac{[\text{\# of final adverse determinations overturned upon request for external review}]}{[\text{\# of customer requested appeals on final adverse determinations to an ERO}]} \right)$$

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Lender Placed Insurance (Auto and Home)

Both Single Interest and Dual Interest

Claims

Ratio 1. **Number of claims closed without payment to total number of claims closed**

$$\left[\frac{(\text{\#of claims closed without payment})}{(\text{\#of claims closed with payment}) + (\text{\# of claims closed without payment})} \right]$$

Ratio 2. **Claims open at the end of the period to total claims during the period**

$$\left[\frac{(\text{\#of claims open at the beginning of period} + \text{\#of claims opened during period} - \text{\#of claims closed with payment} - \text{\#of claims closed without payment})}{(\text{\# of claims open at the beginning of period} + \text{\# of claims opened during the period})} \right]$$

Ratio 3. **Claims paid beyond 60 days to total claims closed with payment**

$$\left[\frac{(\text{\#of claims settled 61 – 90 days} + \text{\#of claims settled 91 – 180 days} + \text{\#of claims settled 181 – 365 days} + \text{\#of claims settled beyond 365 days})}{\text{total \# of claims closed with payment}} \right]$$

Ratio 4. **Loss Ratio – Incurred claims to earned premium**

$$\left[\frac{(\text{dollars of claims incurred during the period})}{(\text{dollar amount of premium earned during the period})} \right]$$

Cancellations

Ratio 5. **Master policy cancellations to master policies in force at beginning of the period**

$$\left[\frac{(\text{total \#of master policy cancellations})}{(\text{total \#of master policies in force at beginning of period})} \right]$$

Ratio 6. **A. Flat cancellations beyond 45 days to total flat cancellations: Certificates**

$$\left[\frac{(\text{\#of certificates flat cancelled beyond 45 days})}{(\text{total \#of certificates flat cancelled during the period})} \right]$$

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B. Flat cancellations beyond 45 days to total flat cancellations: Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled beyond 45 days})}{(\text{total \#of individual policies flat cancelled during the period})} \right]$$

Ratio 7. A. Total cancelations to coverages issued - Certificates

$$\left[\frac{(\text{\#of certificates flat cancelled during the period}) + \text{\#of certificates cancelled for reasons other than flat cancellations during the period}}{\text{\# of certificates written during the period}} \right]$$

B. Total cancelations to coverages issued – Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled during the period}) + \text{\#of individual policies cancelled for reasons other than flat cancellations during the peirod}}{\text{\# of individual policies written during the period}} \right]$$

Ratio 8. A. Flat cancellations to total cancellations - Certificates

$$\left[\frac{(\text{\# of certificates flat cancelled during the period})}{(\text{\# of certificates flat cancelled during the period}) + \text{\#of certificates cancelled for reasons other than flat cancellations}} \right]$$

B. Flat cancellations to total cancellations – Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled during the period})}{(\text{\#of individual policies flat cancelled during the period}) + \text{\#of individual policies cancelled for reasons other than flat cancellations}} \right]$$

Ratio 9. A. Flat cancellations to coverages written – Certificates

$$\left[\frac{(\text{\#of certificates flat cancelled during the period})}{(\text{\#of certificates written during the period})} \right]$$

B. Flat cancellations to coverages written – Individual policies

$$\left[\frac{(\text{\#of individual policies flat cancelled during the period})}{(\text{\#of individual policies written during the period})} \right]$$

Ratio 10. A. Total cancellations to average exposures – Certificates

$$\left[\frac{(\text{\#of certificates flat cancelled during the period}) + \text{\#of certificates cancelled for reasons other than flat cancellations}}{\text{\#of certificates written during the period/average gross placement rate}} \right]$$

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B. Total cancellations to average exposures – Individual policies

$$\left[\frac{\begin{array}{l} \text{(#of individual policies flat cancelled during the period} \\ \text{+ #of individual policies cancelled for reasons other than flat cancellations)} \end{array}}{\text{#of individual policies written during the period/average gross placement rate}} \right]$$

Ratio 11. A. Total flat cancellations to average exposures – Certificates

$$\left[\frac{\text{(#of certificates flat cancelled during the period)}}{\text{#of individual policies written during the period/average gross placement rate}} \right]$$

B. Total flat cancellations average exposures – Individual policies

$$\left[\frac{\text{(#of individual policies flat cancelled during the period)}}{\text{(#of individual policies written during the period/average gross placement rate)}} \right]$$

Suits

Ratio 12. Suits opened during the period to claims closed without payment

$$\left[\frac{\text{(#of suits open during the period)}}{\text{(# of claims closed without payment during the period)}} \right]$$

Ratio 13. Suits closed with consideration for the consumer to suits closed

$$\left[\frac{\text{(#of suits closed during the period with consideration for the borrower)}}{\text{(#of suits closed during the period)}} \right]$$

Ratio 14. Suits open at beginning of period to sum of certificates in force and individual policies in force at beginning of the period

$$\left[\frac{\text{(#of suits open at the beginning of the period)}}{\begin{array}{l} \text{(#of certificates in force at beginning of period} \\ \text{+ #of individual policies in force at beginning of period)} \end{array}} \right]$$

Ratio 15. Suits opened during the period to sum of average coverages in force

$$\left[\frac{\text{(#of suits opened during the period)}}{\begin{array}{l} \text{(#of certificates in force at beginning + certificates in force at end)} \\ \text{+ (#individual policies in force beginning + #individual policies in force end)} \end{array}} \right]$$

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Complaints

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Ratio 16. Total complaints to coverages written

$$\left[\frac{\begin{array}{l} \text{(#of complaints received directly from the DOI)} \\ + \text{#of complaints received directly from any person or entity other than the DOI)} \end{array}}{\begin{array}{l} \text{(#of certificates issued during the period)} \\ + \text{#of individual policies issued during the period)} \end{array}} \right]$$

Ratio 17. Total complaints to claims opened

$$\left[\frac{\begin{array}{l} \text{(#of complaints received directly from the DOI)} \\ + \text{#of complaints received directly from any person or entity other than the DOI)} \end{array}}{\text{# of claims opened during the period}} \right]$$

Placement Rate

Ratio 18. Average gross placement rate

First calculate industry aggregate sum of average exposures by coverage:

$$\sum \text{all insurers} \left[\frac{\begin{array}{l} \text{(#of certificates issued during the period)} \\ + \text{#of individual policies issued during the period)} \end{array}}{\text{average gross placement rate}} \right]$$

Then calculate aggregate average gross placement rate by coverage by dividing the sum of industry coverages written for a coverage by the sum of the industry number of exposures:

$$\frac{\sum \text{all insurers} \left(\begin{array}{l} \text{(#of certificates issued during the period)} \\ + \text{#of individual policies issued during the period)} \end{array} \right)}{\sum \text{all insurers (number of average exposures)}}$$

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Disability Income

Ratio 1. **Percentage of claims denied**

$$\left(\frac{[\text{Number of claims denials during reporting period (21)}]}{[\text{Number of claims denials during reporting period (21)}] + [\text{Number of paid claims closed during reporting period (22)}]} \right)$$

Ratio 2. **Percentage of claims processed with initial decision after 45 days**
Short-Term Only

$$\left(\frac{[\text{Number of claims processed with initial claim decision over 45 days (28)}]}{[\text{Number of claims processed with initial claim decision within 1-14 days (25)}] + [\text{Number of claims processed with initial claim decision within 15-30 days (26)}] + [\text{Number of claims processed with initial claim decision within 31-45 days (27)}] + [\text{Number of claims processed with initial claim decision over 45 days (28)}]} \right)$$

Ratio 3. **Percentage of claims processed with initial decision after 90 days**
Long-Term Only

$$\left(\frac{[\text{Number of claims processed with initial claim decision over 90 days (33)}]}{[\text{Number of claims processed with initial claim decision within 1-30 days (30)}] + [\text{Number of claims processed with initial claim decision within 31-60 days (31)}] + [\text{Number of claims processed with initial claim decision within 61-90 days (32)}] + [\text{Number of claims processed with initial claim decision over 90 days (33)}]} \right)$$

Ratio 4. **The number of complaints received directly from any entity other than the DOI per 1,000 individual policies in force during the reporting period**

$$\left(\frac{[\text{Number of complaints received directly from any entity other than the DOI (83)}]}{\left(\frac{([\text{Number of policies beginning of the reporting period (67)}] + [\text{Number of policies at the end of the reporting period (75)}])}{2} \right) \div 1000} \right)$$

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Ratio 5. **The number of complaints received directly from any entity other than the DOI per 1,000 lives covered on group policies**

$$\left(\frac{[\text{Number of complaints received directly from any entity other than the DOI (83)}]}{\left(\frac{([\text{Number of lives covered at the beginning of the reporting period (76)}] + [\text{Number of lives covered at the end of the reporting period (82)}]) \div 2}{1000} \right)} \right)$$

Ratio 6. **The number of complaints relating to group policies to average number of group policies in force during the reporting period**

$$\left(\frac{[\text{Number of complaints received directly from any entity other than the DOI (83)}]}{\left(\frac{([\text{Number of policies in force at beginning of reporting period (67)}] + [\text{Number of policies in force at end of the reporting period (75)}]) \div 2}{1} \right)} \right)$$

Ratio 7. **The percentage of lawsuits closed with consideration for the consumer**

$$\left(\frac{[\text{Number of lawsuits closed with consideration for consumer (87)}]}{[\text{Total number of lawsuits closed during the period (86)}]} \right)$$

Ratio 8. **Insurer non-renewals and cancellations to average policies in force**

$$\left(\frac{[\text{Number of insurer non-renewals (71)}] + [\text{Number of insurer cancellations (72)}]}{\left(\frac{([\text{Number of policies in force at the beginning of the reporting period (67)}] + [\text{Number of policies in force at the end of the reporting period (75)}]) \div 2}{1} \right)} \right)$$

Ratio 9. **Covered lives affected by insurer non-renewals and cancellations to average policies in force**

Group only

$$\left(\frac{[\text{Number of lives covered under insurer non-renewals (79)}] + [\text{Number of lives covered under insurer cancellations (80)}]}{\left(\frac{([\text{Number of lives covered under policies in force at the beginning of the reporting period (76)}] + [\text{Number of lives covered under policies in force at the end of the reporting period (82)}]) \div 2}{1} \right)} \right)$$

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Ratio 10. Average pending benefit determinations to claims received

$$\left(\frac{([\text{Number of pending benefit determinations, beginning of reporting period (17)}] + [\text{Number of pending benefit determinations, end of reporting period (23)}]) \div 2}{[\text{Number of claims received during the reporting period (19)}]} \right)$$

Ratio 11. Rescissions after two years from issuance to total rescissions

$$\left(\frac{[\text{Number of rescissions after two years from policy issue (74)}]}{[\text{Number of rescissions within two years from policy issue (73)}] + [\text{Number of rescissions after two years from policy issue (74)}]} \right)$$