

Kentucky Auto Insurance Plan Experience Rating Help Sheet

This help sheet is designed to assist the producer with the Experience Mod Calculation Worksheet

1) Eligibility

- a) See **criteria** under Rule 54, Paragraph A (page 103 of 169 or page C-5 of PDF Manual).
- b) **Confirm** loss experience data is available as outlined in Rule 54, Paragraph B.

2) Steps to Calculate Experience Modification Factor

- a) Calculate the annual manual **\$100,000 CSL liability** premiums using the factors provided in Rule 54, Paragraph C (page 103 of 169 or page C-5 of PDF manual).
 - i) You can use the Commercial Rating Worksheet on our Commercial Page to calculate this.
 - ii) Insert this premium into the **green box** on line a. of the Experience Mod Calculation Worksheet.
 - (1) This will **automatically** calculate the detrended premiums
 - (2) The 3 year detrended premiums will be reflected under the **"Total"** column on line 3.
 - iii) **Review** this Totaled Detrended Premium and compare with the Auto Liability Experience Rating Credibility and Maximum Single Loss Table (Page 105 of 169 or page C-7 of PDF Manual).
 - (1) If .06 or less, the risk is **not eligible** for experience rating.
 - (2) If the Total Detrended Premium develops a credibility factor of **.07** or greater, the risk is **eligible** for experience rating and you must **continue** to the next step.
 - b) Complete the Loss Development Table
 - i) **Determine** Maximum Single Loss from the Auto Liability Experience Rating Credibility and Maximum Single Loss Table (Page 105 of 169 or page C-7 of PDF Manual).
 - ii) **Summarize** total loss experience for years available as listed in the table.
 - (1) Note: **No** single loss should exceed the Maximum Single Loss as determined above.
 - (2) Note: The Latest Full Policy year will **not** include the current expiring year.
 - iii) This loss development will **automatically** be utilized in the experience mod calculation later in this work sheet.
 - c) **Confirm** the criteria requested on lines d and f by **clicking** the green drop-down boxes.
 - d) Note the Experience Modification Factor as calculated in the lower right.
- 3) **Apply** this factor to the Rating Worksheet used to calculate the total risk premiums.
- 4) The KAIP staff will be happy to assist however **the Producer is responsible for quoting**. The Producer should also be aware that the final premium is determined by the Servicing Carrier based on the completed application and supplements and any inspections that may be performed.