Kentucky Auto Insurance Plan Experience Rating Help Sheet

This help sheet is designed to assist the producer with the Experience Mod Calculation Worksheet which is a tab at the bottom of the Commercial Rating (Excel) Worksheet.

1) **Eligibility**
   a) See **criteria** under Rule 54, Paragraph A (page 93 of 157 or page C-5 of PDF Manual).
   b) **Confirm** loss experience data is available as outlined in Rule 54, Paragraph B.
   c) **Reference** the **Experience Rating worksheet** that will be used to calculate the experience mod (this worksheet is noted on one of the **bottom tabs** of the Commercial Rating Worksheets Excel spreadsheet document on the **AIPSO website**).
      i) **Note** - The **green boxes** on the spreadsheet indicate the cells where data needs to be input.
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 93 of 157 or page C-5 of PDF manual).
      i) A fresh copy of the Commercial Rating Worksheet noted above may be used to calculate this.
      ii) Insert this premium into the **green box** on line a. of the Experience Mod Calculation Worksheet for each year there are complete loss runs available.
         (1) This will **automatically** calculate the detrended premiums for the applicable year.
         (2) The accumulated detrended premiums will be reflected under the **"Total"** column on line (1).
      iii) **Review** the credibility factor noted on line (6)
         (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) Calculate **Losses** to be entered in line h.
      i) Note the **Maximum Single Loss** provided in the **middle** of the Experience Rating Worksheet (this has been automatically calculated as the result of the premium calculations made above).
      ii) **Calculate** the loss experience for years available and insert in the **green boxes** on line h. for the **respective year**.
         (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 (Garage, Zone Rated, or All Other) requested on line 8 of the spread sheet where "Select Class" is noted by clicking the **green drop-down box**.
   d) Note the Experience Modification Factor as calculated on **line (8)** of the worksheet.
3) **Apply** this factor to the Commercial Rating Worksheet used to calculate the total risk premiums.
4) The KAIP staff is available to assist however the **Producer is responsible** for the estimated premiums generated. 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.