



## GEORGIA

### APPENDIX B-III

#### Derivation of Proposed Loss Cost - Code 8810 Industry Group - Office and Clerical, Hazard Group - C

The loss cost for the above-captioned classification is derived as follows:

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
1. Indicated Pure Premium	0.028	0.031	0.06
2. Pure Premium Indicated by National Relativity	0.030	0.033	0.06
3. Pure Premium Present on Rate Level	0.031	0.032	0.06
4. State Credibilities	100%	100%	xxx
5. National Credibilities	0%	0%	xxx
6. Residual Credibilities = 100% - (4) - (5)	0%	0%	xxx
7. Derived by Formula Pure Premiums = (1) x (4) + (2) x (5) + (3) x (6)	0.028	0.031	0.06
8. Test Correction Factor	0.9852	0.9852	xxx
9. Underlying Pure Premiums = (7) x (8) *	0.029	0.031	0.06
10. Ratio of Manual to Standard Premium			1.146
11. Loss Cost = (9) x (10)			0.07
12. Loss Cost Within Swing Limits			0.07
Current Loss Cost x Swing Limits			
a) Lower bound = 0.08 x 0.760 = 0.07			
b) Upper bound = 0.08 x 1.060 = 0.08			
13. Pure Premiums Underlying Proposed Loss Cost* = ((13TOT) / (9TOT)) x (9) , (13TOT) = (12) / (10)	0.029	0.031	0.06
14. Disease, Catastrophe and/or Miscellaneous Loadings			0.00
15. Final Loaded Loss Cost			0.07

\* Indemnity pure premium is adjusted for the rounded total pure premium:  
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium



CLASS 2883		FURNITURE MANUFACTURING AND CABINET SHOP - WOOD - NOC							
Industry Group: Manufacturing Hazard Group: C		CONVERTED LOSSES							
POLICY PERIOD	PAYROLL	INDEMNITY LIKELY		INDEMNITY NOT-LIKELY		MED LIKELY	MED NOT-LIKELY	TOTAL	TOTAL
		CASES	AMOUNT	CASES	AMOUNT	AMOUNT	AMOUNT	AMOUNT	PURE PREM.
	143,401,158	6	295,367	55	935,104	185,562	1,132,197	2,548,230	1.78
	161,381,818	9	335,825	54	510,709	369,893	916,226	2,132,653	1.32
	196,435,276	9	454,706	64	620,152	907,918	1,056,029	3,038,805	1.55
	215,937,217	11	618,438	59	1,130,092	360,804	1,719,328	3,828,662	1.77
	211,653,390	8	598,114	45	831,539	515,478	1,128,164	3,073,295	1.45
5 YR. TOTAL	928,808,859	43	2,302,450	277	4,027,596	2,339,655	5,951,944	14,621,645	1.58
		INDEMNITY		MEDICAL		TOTAL			
		CRED.	PURE PREM.*	CRED.	PURE PREM.*	PURE PREM.*			
Indicated Pure Premium		41%	0.682	65%	0.893	1.58			
Pure Premium Indicated by National Relativity		29%	0.768	17%	0.857	1.63			
Pure Premium Present on Rate Level		30%	0.803	18%	0.894	1.70			
Pure Premium Derived by Formula			0.743		0.887	1.63			