

In the Spotlight - Disclosures, Notes and Considerations



General Notes:

The data compilation presented in *In the Spotlight* is based on statistics reported to Verisk with sufficient detail using the instructions set forth in the ISO Statistical Plan for the specific line of business. Data may vary from an individual insurer's data and does not represent the entirety of the market, but rather those carriers that leverage Verisk for its statistical agent services.

The data and analysis is presented on a calendar/accident year basis evaluated as of the date noted on the individual release of *In the Spotlight*, and is considered preliminary. The data and exhibit(s) do not reflect certain adjustments often considered in actuarial reports. For more details, see line of business specific notes. .

In addition to excluding data reported without sufficient details, the following data **exclusions** are most notable as listed by each line of business:

Businessowners

- Experience for miscellaneous coverages (e.g., employee dishonesty, spoilage, outdoor signs, glass, money and securities, hired and non-owned auto liability, etc.)
- Experience for Puerto Rico
- Experience for Terrorism coverage provided at a separate, additional premium charge

Commercial Property

- Data reported under any Causes of Loss other than Basic Group I (BGI), Basic Group II (BGII), or Special Cause of Loss (SCL)
- Data for Coverages other than buildings, personal property, and time element
- Experience for Fair Plan and Beach Plan policies
- Experience for Highly Protected Risks (HPR) and Countrywide Rated Risks business
- Experience for policies written with percentage of loss deductibles and deductibles over \$75,000

Homeowners

- Data for any insurer group that did not report data in a timely fashion or that reported data with significant quality issues
- Invalid data (including negative case reserves, negative written premiums, etc.)
- Loss records for which no corresponding premium record exists
- Experience for Alaska and Puerto Rico due to data quality issues
- Experience for Texas, since ISO is not a statistical agent in Texas for Homeowners and does not collect experience for this line of business

Catastrophe Events

Losses are reported agnostic of catastrophe or non-catastrophe classification. To determine a catastrophe, the Verisk definition for a catastrophe is applied to the data based on an event causing \$25 million or more in total insured property losses, and that affect a significant number of property and casualty insurers and policyholders.

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Key points about Businessowners data :

- The data and analysis is from admitted insurers only and is considered preliminary.
- The losses are based on a calendar/accident year.
- Loss development factors were applied to liability losses only.
- All losses reflect loss adjustment expenses (LAE) – both allocated and unallocated.
- The report does not reflect adjustments often considered in actuarial reports, such as adjustments for premium or loss trends.

Additional Businessowners Notes:

Property Losses

Losses are reported with a property type of loss code and broken down into sub- categories such as water, fire & lightning, wind & hail, “All Other,” and more. All Other includes but is not limited to:

- A mix of losses that don’t fit into a single sub-category
- Single losses that don’t fit into the standard sub-categories, such as:
 - Dropping, breakage and glass
 - All other causes of consequential fungi or bacteria (“Mold”)
 - Sinkhole and catastrophic ground cover collapse (Florida only)

Property Frequency

Property frequency is based on earned risk count, a calculated exposure measure.

Class Groups

All Other Classes is a category of a mixture of classes such as motels/hotels, automobile repair shops, spas, laboratories/testing labs, mini warehouses, car washes, veterinarian clinics/hospitals, kennels, and manufacturing such as porcelain, sheet metal, tools, plastics/rubber, and more.

All Coverages

Businessowners coverages includes data reported as property (both buildings and contents), liability or unclassified. Unclassified includes data that cannot be classified as liability or property coverages. Unclassified losses are included in overall losses and assigned to non-catastrophe when segmented.

Liability Losses

Losses are reported with a liability type of loss code (which includes causes of loss such as Premises/Operations Liability, Product Liability, Druggists Professional Liability, Medical Payments, and All Other Liability). The “All Other Liability” type of loss includes personal injury liability and advertising injury liability.

Key points about Commercial Property data:

- The data and analysis is from admitted insurers only and is considered preliminary.
- The losses are based on a calendar/accident year
- No loss development factors were applied.
- Losses do not reflect loss adjustment expenses (LAE).
- The report does not reflect adjustments often considered in actuarial reports, such as adjustments for premium or loss trend.

Additional Commercial Property Notes:

Property Losses

Losses are reported with a property type of loss code, broken down into sub-categories including “all other”. “All other” includes losses that do not fit into the other subcategories but is not limited to:

- A mix of one or more perils of any type.
- Collapse due to weight of ice, snow or sleet.
- Glass breakage.
- Mold losses due to various perils such as fire and lightning, freezing, sprinkler leakage, vandalism, water damage, wind and hail.
- Ordinance or law losses due to demolition cost, increased cost of construction, and loss to the undamaged portion of the building.

Causes of Loss

Causes of Loss which is often referred to as Subline by Verisk, is used to view loss results for Commercial Property by the peril risk categories and include:

Causes of Loss	Description	Percent of Earned Premium	Percent of Losses
Basic Group I (BGI)	<ul style="list-style-type: none"> • Fire & lightning accounted for 93% of losses • 7% from vandalism, sprinkler leakage, all other and explosion 	42%	37%
Basic Group II (BGII)	<ul style="list-style-type: none"> • Wind & hail accounted for 84% of losses • 16% from all other, riot and civil commotion, and explosion 	33%	37%
Special Cause of Loss (SCL)	<ul style="list-style-type: none"> • All other losses not in BGI or BGII including water damage, all other, theft, freezing, and hurricane 	25%	26%

Percent of earned premium and losses by causes of loss based on data from Q1 2018 to Q2 2023.

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Key points about Homeowners data :

- The data and analysis is from admitted insurers only and is considered preliminary.
- The losses are based on a calendar/accident year
- Loss development factors are not applied to losses.
- All losses reflect NO loss adjustment expenses (LAE) – both allocated and unallocated.
- The report does not reflect adjustments often considered in actuarial reports, such as adjustments for premium or loss trends.

Additional Homeowners Notes:

“All Other” is a category which is a mixture of different perils that don’t fall into other categories and can include but is not limited to:

- Collapse from sinkholes and all other causes
- Mechanical breakdown of equipment
- Massachusetts tenants relocation expense
- Expenses related to identity fraud
- Property damage remediation for escaped liquid fuel and other pollution
- Consequential fungi, wet or dry rot, or bacteria (“mold”) property losses caused by all other causes