Insurer Name: _____   Date: _____

NAIC Number: _____

EXPENSE CONSTANT SUPPLEMENT

CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

1. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and or other supporting information.

	Selected Provisions		
	Overall	Variable	Fixed
A. Commission and Brokerage Expense	_____	_____	_____
B. Other Acquisition Expense	_____	_____	_____
C. General Expense	_____	_____	_____
D. Taxes, Licenses & Fees	_____	_____	_____
E. Underwriting Profit & Contingencies	_____	_____	_____
F. Investment Income Offset	(_____)	(_____)	(_____)
G. Other (explain)	_____	_____	_____
H. TOTAL	_____	_____	_____

2. A. Expected Loss Ratio: ELR=100%–Overall 1H   = _____
   B. ELR expressed in decimal form   = _____
   C. Variable Expected Loss Ratio VELR=100%–Variable 1H   = _____
   D. VELR in decimal form   = _____

3. Formula Expense Constant:
   [(1.00 ÷ 2B) – (1.00 ÷ 2D)] x Average Underlying Loss Cost =   _____
   (Average Underlying Loss Cost used in formula above = _____)

   Formula Variable Loss Cost Multiplier: (2B* ÷ 2D)   _____

4. Selected Expense Constant =   _____

   Selected Expense Constant as percentage of Average Underlying Loss Cost expressed as a factor =   _____

   Select Variable Loss Cost Multiplier =   _____

   Explain any difference between 3 and 4:

   _____
   _____
   _____

5. Rate level change for the coverage to which this page applies

	Current	Proposed
A.1. Average Underlying Loss Cost	_____	_____
A.2. Variable Loss Cost Multiplier	_____	_____
A.3. Expense Constant	_____	_____
B. Average Underlying Rate (5A1 x 5A2) + 5A3	_____	_____
C. Overall Rate Level Change (Proposed 5B / Current 5B) – 1) x 100		_____

* Loss Cost Modification from separate "Calculation of Company Loss Cost Multiplier" (e.g. without expense constants) form