

BOARD OF GOVERNORS
HAWAII JOINT UNDERWRITING PLAN
INSURANCE DIVISION
P. O. Box 3614
HONOLULU, HI 96811

A G E N D A

Date: January 16, 2025

Time: 9:00 a.m.

In-Person Meeting Location: Queen Liliuokalani Conference Room
King Kalakaua Building, 1st Floor
335 Merchant Street
Honolulu, HI 96813

Virtual Participation: Virtual Videoconference Meeting – [Zoom Link](#)

Phone: 1-669-900-6833
Meeting ID: 814 5577 4107
Passcode: 412662

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via e-mail to jbump@dcca.hawaii.gov or by calling Jerry Bump at 808-586-0985 (voice). Such requests should include a detailed description of the accommodation needed. In addition, please include a way for the Hawaii Insurance Division to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted but may not be possible to accommodate.

BOARD PACKET MATERIALS WILL BE POSTED AT
[State of Hawaii Calendar of Events](#)

- I. Call to Order
- II. Reading of Antitrust Statement
- III. Approval of Minutes – November 8, 2024
- IV. Financial Reports from the Hawaii Joint Underwriting Plan
- V. Additional Items for Discussion

- A. Servicing Provider Update
- B. Proposal – Principles of Operation Commercial Provisions
- C. Proposal – Premium at Present Rates Experience Rating Plan

VI. Next Meeting – Wednesday, April 16, 2025, 9:00 a.m.

VII. Adjournment

Public Testimony:

If you wish to submit written testimony on any agenda item, you may do so via:

1. Email at jbump@dcca.hawaii.gov
2. Postal mail to: Hawaii Joint Underwriting Plan, 335 Merchant St. Room 213, Honolulu, HI 96813

We request submission of written testimony at least 24-hours prior to the start of the meeting to ensure that it can be distributed to Board Members. Written testimony will only be accepted for the items listed on the meeting agenda. Written public testimony submitted will be treated as public record and any contact information contained therein may be available for public inspection and copying. For both internet or phone access, when testifying, you will be asked to identify yourself and the organization, if any, that you represent.

Internet Access

To view the meeting and provide live verbal testimony, please use the Zoom link at the top of the agenda.

Phone Access

You may attend this meeting with audio-only access by calling the phone number listed above. You may be prompted to enter the meeting ID and passcode; both are provided underneath the phone number on this agenda.

Lost Connectivity

If the Agency's Interactive Conference Technology (ITC) connection for the remote meeting is lost, the meeting will be recessed for up to 30-minutes until the connection is restored. In the event the Agency is only able to re-establish an audio connection, the meeting will continue as audio-only. To connect via audio-only, call in using the Phone number listed above. If the meeting cannot be properly restored within 30-minutes, the meeting will automatically be cancelled and rescheduled to a later date and time to be posted on the State of Hawaii Public Meetings website @ <https://calendar.ehawaii.gov/calendar/>.

Physical Meeting Location

Location open to the public that has an audiovisual connection at the In-Person Meeting Location listed above.

November 8, 2024

BOARD OF GOVERNORS
HAWAII JOINT UNDERWRITING PLAN

Queen Liliuokalani Conference Room
King Kalakaua Building, 1st Floor
335 Merchant Street
Honolulu, HI 96813

and

Videoconference via Zoom Meeting Application

I. Call to Order (00:00:01)

Mr. Lane Nishioka called the meeting to order at 9:07 a.m.

Members Present:

Todd Feltman (State Farm)
Reid Higashi (Business Insurance Services, Inc.)
Lane Nishioka (Island Insurance)
Kim Sato (Farmers Hawaii)

Others Present:

Jerry Bump (DCCA/Insurance Division)
Kathleen Nakasone (DCCA/Insurance Division)
Claire Taise-Chee (DCCA/Insurance Division)
Thomas Assad (AIPSO)
Natalie Benkovich (AIPSO)
Alicia Hanson (AIPSO)
Amy Hicks (AIPSO)
Victoria Ivanov (AIPSO)
Caren Kerman (AIPSO)
Matthew Mayfield (AIPSO)
Andrea Olson (AIPSO)
Sherrie Oshiro (Business Services, Inc.)
Teri Fabry (Member of the public)

Members Absent:

Lance Kawano (First Insurance Company of Hawaii)
Chenise Morrow-Blalock (Hawaii Independent Insurance Agents Association)

II. Reading of Antitrust Statement (00:00:03)

The antitrust statement was read by Mr. Nishioka as follows:

“As members of this organization or participants in this meeting, we need to be mindful of the constraints of the antitrust laws. There shall be no discussions of agreements or concerted actions that may restrain competition. This prohibition includes the exchange of information concerning individual company rates, coverages, market practices, claims settlement practices or any other competitive aspect of an individual company’s operation. Each member or participant is obligated to speak up immediately for the purpose of preventing any discussion falling outside the bounds indicated.”

III. Approval of Minutes (00:04:47)

Mr. Feltman moved to approve the meeting minutes from July 17, 2024. Ms. Sato seconded the motion. With no members objecting, the motion passed unanimously.

IV. Financial Reports from the Hawaii Joint Underwriting Plan (00:05:22)

Mr. Assad said that he did not see any anomalies in the trends.

V. Election of 2025 Officers (00:07:38)

In keeping with the past practice of rotating offices among the represented companies, Mr. Feltman moved to nominate Mr. Nishioka as Chair and Ms. Morrow-Blalock as Vice Chair for 2025. Ms. Sato seconded the motion. The motion passed unanimously.

VI. Items for Discussion

A. Servicing Provider Update (00:09:40)

Ms. Kerman presented AIPSO’s servicing provider update on personal auto with a review of the first month plus a week of AIPSO serving as the provider on the commercial side, noting that there seems to be some confusion as to where to send inquiries on applications that have been submitted after they have been quoted. Ms. Benkovich added that, in response to feedback regarding confusion around how the process works, AIPSO will issue a survey via email to get producers’ input into the services that are being provided, areas of confusion, or areas where AIPSO could look to change the process.

Mr. Higashi expressed concerns regarding inefficiencies and confusion about the process. Mr. Assad and Ms. Benkovich said they will meet separately with Mr. Higashi and his team to get a better understanding of their concerns.

Mr. Mayfield noted that AIPSO is on target to take over as the service provider on January 1, 2026.

B. Proposal – Update Principles of Operation for Change of Address
(00:20:49)

Mr. Bump introduced AIPSO's proposal to amend HJUP Principles of Operation and the commercial application to reflect IC International's new street address. Mr. Feltman moved to recommend to the Commissioner to approve the proposal. Ms. Sato seconded the motion. The motion passed unanimously.

C. Proposal – Supporting Documentation Requirements (00:24:04+)

Mr. Bump explained AIPSO's proposal to clarify that (1) the copy of the operator's license and registration must be current and valid when submitted with the application and deposit and (2) an applicant, who is owner of a registered motor vehicle or will be registered in Hawaii within 30 calendar days, is eligible for the HJUP. Following discussion, Mr. Feltman moved to recommend to the Commissioner to approve the proposal. Ms. Sato seconded the motion. The motion passed unanimously.

D. Proposal – Increased Benefits for Chiropractor Treatments (00:29:58)

Mr. Bump explained AIPSO's proposal to amend the private passenger and commercial PIP coverage endorsements, the private passenger application, and the Private Passenger Auto Rate Chapter to reflect the increase in the maximum reimbursement rate for chiropractic treatments in accordance with House Bill 1686. Mr. Feltman moved to recommend to the Commissioner to approve the proposal. Mr. Higashi seconded the motion. The motion passed unanimously.

E. Proposal – Increased Minimum Limits (00:31:15)

Mr. Bump explained AIPSO's proposed amendments to the Plan sections, rating rules, base rates, endorsement forms, and application forms for private passenger and commercial auto risks to reflect the new financial responsibility limits of \$40,000/80,000 residual bodily injury and \$20,000 property damage split limits of liability in accordance with Senate Bill 2342. Mr. Higashi moved to recommend to the Commissioner to approve the proposal. Mr. Feltman seconded the motion. The motion passed unanimously.

F. Proposal – Private Passenger & Commercial Rates (00:32:47)

Ms. Hicks presented AIPSO's CPAI, Non-CPAI, and Commercial rate review findings and proposals. Following discussion, Mr. Feltman moved to recommend to the Commissioner to approve the CPAI and private passenger proposals as presented and remove the cap on the Commercial proposal. Ms. Sato seconded the motion. The motion passed unanimously.

G. Amended Proposal – Increase Limits of Liability (00:50:33)

Mr. Bump and Mr. Feltman provided background to AIPSO's proposal to introduce residual bodily injury and uninsured and underinsured motorists limits of \$100,000/200,000, \$100,000/500,000, \$100,000/1,000,000, and \$250,000/750,000 and a property damage liability limit of \$250,000 when required by law or contractually by a governmental agency. Mr. Feltman moved to recommend to the Commissioner to approve the proposal. Mr. Higashi seconded the motion. The motion passed unanimously

VII. Next Board Meeting

Wednesday, January 15, 2025 at 9:00 a.m.

VIII. Adjournment (00:57:25)

The meeting was adjourned at 10:04 a.m.



"Serving the Insurance Industry"

January 7, 2025

Jerry Bump
Insurance Division
PO Box 3614
Honolulu, HI 96811-3614

RE: HJUP Cash Flow Projection – As of September 2024

Dear Jerry:

Attached is a twelve-month cash flow history to help you better estimate the timing and amounts of future assessments for the HJUP. Based upon the last twelve months of activity, the monthly average cash flow projection indicates that the average cash outflow will be approximately \$64,890 per month, which excludes any assessments and the Commercial Expenses. We have a \$3,607,930 available balance as of September 30, 2024.

AIPSO reviewed the cash position and required policy year settlements which occur when a policy year is dropped from the books. We estimated the expected outflows for the next 3 years (see attached) for the operational expenses. As of December 2026, the HJUP cash balance is estimated to be \$1,448,661. While this projection provides a gauge of expected cash flow, it is not scientific and is not based on an actuarial review of the HJUP book of business. As a result, we feel going beyond 3 years may further distort its value.

This Cash Flow also includes the new AIO-HI program expenses projected for the year.

Please review the cash flow projection. If you have any questions, I can be reached at 401-429-1417 or at Victoria.Ivanov@aipso.com with preparation questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Victoria Ivanov', is written over a light blue horizontal line.

Victoria Ivanov,
Financial and Investment Services-Accounting- Supervisor

CC: T. Assad D. Maynard M. Lapierre K. Leite B. Erno

**HAWAII JUP
ANALYSIS OF CASH
MONTHLY BREAKDOWN
September 2023- September 2024**

	BALANCE 09/30/23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	TOTALS
RECEIPTS:														
1 PREMIUM COLLECTIONS		81,255	155,102	227,070	116,000	77,392	119,883	164,263	75,696	158,188	342,259	160,660	74,233	1,752,001
2 COMMISSIONS RETURNED		816	1,685	1,017	115	0	326	691	46	16	86	4,128	127	9,053
3 INTEREST COLLECTED		10,652	10,326	9,363	8,563	7,354	7,437	7,328	7,728	7,399	7,694	13,859	14,441	112,144
5 ASSESSMENT INCOME		1,448	0	0	0	20,337	214,436	10,720	241	1,858,986	566,138	899	0	2,673,205
6 MEMBERSHIP FEE INCOME		0	0	0	0	0	0	0	0	0	336,000	0	0	336,000
7 LATE FEE INCOME		0	0	0	0	0	0	50	50	189	50	50	0	389
8 SAL/SUB& O/T-LOSS RECOVERIES		200	(200)	(100)	400	7,822	9,271	10,260	3,277	9,531	614	24,307	375	65,757
9 ASSIGN. CLAIMS SAL/SUB		350	500	650	150	350	250	250	250	150	250	250	150	3,550
10 STAT SUMMARY/INVEST INCOME-		9,210	0	759	2,771	51,942	0	12,509	1,433	0	0	13,252	1,020	92,896
11 GAIN/LOSS ON INVEST & AMORT		0	0	0	0	0	0	0	0	0	0	0	0	0
12 MISC INCOME-Pymt of a Distribution		0	0	0	0	0	0	0	0	0	2,500	0	0	2,500
13 RETRO ACTIVE FEE INCOME		0	0	0	0	0	0	0	0	0	22,623	0	0	22,623
TOTAL RECEIPTS		103,931	167,413	238,759	127,999	165,197	351,603	206,071	88,721	2,034,459	1,278,214	217,405	90,346	5,070,118
EXPENSES:														
14 POLICYHOLDERS REFUNDS		15,416	10,490	46,183	9,430	9,494	11,495	22,060	5,759	125,132	27,406	16,684	41,550	341,099
15 PRODUCER COMMISSIONS		6,630	4,177	5,427	12,076	2,686	3,024	5,123	8,266	6,694	8,395	22,454	10,709	95,661
16 CLAIMS REIM TO VOL CARR		97,127	439,253	246,217	75,297	61,818	38,783	78,353	65,336	184,756	122,995	14,082	56,075	1,480,092
17 ASSIG. CLAIMS DRAFTS CASHED		2,894	20,000	0	51	0	518	0	0	0	0	565	0	24,028
18 TRANSFERS TO S/C		0	0	0	0	30,788	16,514	28,389	0	0	0	0	0	75,691
19 SERVICING CARRIER FEES		83,913	54,937	13,245	57,170	59,212	32,933	37,734	21,657	29,150	75,708	46,858	26,411	538,928
20 INTEREST PAID ON INVEST/AMORT		0	0	0	0	0	0	0	0	0	0	0	0	0
21 ASSESSMENT DISTRIBUTION		3,715	868	0	0	0	0	0	0	0	761,903	50,414	0	816,900
22 AIPSO-S/R & C/P FEES & OTHER		87,220	5	24,188	91,638	196,913	66,955	78,947	65,995	72,844	87,720	54,262	114,239	940,926
TOTAL EXPENSES		296,915	529,730	335,260	245,662	360,911	170,222	250,606	167,013	418,576	1,084,127	205,319	248,984	4,313,325
NET CASH FLOW - INCL ASST INCOME		(192,984)	(362,317)	(96,501)	(117,663)	(195,714)	181,381	(44,535)	(78,292)	1,615,883	194,087	12,086	(158,638)	756,793
NET CASH FLOW - EXCL ASST INCOME		(190,717)	(361,449)	(96,501)	(117,663)	(216,051)	(33,055)	(55,255)	(78,533)	(243,103)	389,852	61,601	(158,638)	(1,099,512)
ENDING CASH & INVESTMENTS	2,850,610	2,657,626	2,295,309	2,198,808	2,081,145	1,885,431	2,066,812	2,022,277	1,943,985	3,559,868	3,753,955	3,766,041	3,607,403	

** Timing Difference consists of the
Outstanding Transfers and Disbursement Checks

** 527

Actual Cash Balance as of September 2024

3,607,930

HAWAII JUP CASH FLOW PROJECTION - AS OF SEPTEMBER 2024

	Excl Assessments	
Net Cash Flow for 12 months	Oct-23 \$	(190,717.00)
	Nov-23 \$	(361,449.00)
	Dec-23 \$	(96,501.00)
	Jan-24 \$	(117,663.00)
	Feb-24 \$	(216,051.00)
	Mar-24 \$	(33,055.00)
	Apr-24 \$	(55,255.00)
	May-24 \$	(78,533.00)
	Jun-24 \$	(243,103.00)
	Jul-24 \$	389,852.00
	Aug-24 \$	61,601.00
	Sep-24 \$	(158,638.00)
	\$	(1,099,512.00) Sub total
Less: Commercial Expense of (29,167*11)	\$	320,837.00
	\$	(778,675.00)
		12
Average Cash Outflow per Month excluding Commercial Expense:	\$	(64,889.58)
Cash Ending Balance as of September 2024	\$	3,607,930.00

2024

Expected Operational Cash outflow (Oct-Dec 2024)	\$	(194,668.74)
On Island Presence- Comm-(Sept, Oct and Nov 2024) with New contract by 10/01/24	\$	(47,000.34)
HJUP Commercial Quoting-(Oct-Dec 2024)New agreement as of 10/01/24	\$	(16,250.01)
Estimated Cash Position as of Dec 2024	\$	3,350,010.91

2025

Expected Operational Cash outflow	\$	(778,674.96)
On Island Presence-Commercial (Jan-Dec 2025) New agreement as of 10/24	\$	(107,000.00)
HJUP Commercial Quoting begins 10/01/24 Fiscal Year 2025	\$	(65,000.00)
Estimated Cash Position as of Dec 2025	\$	2,399,335.95

2026

Expected Operational Cash outflow	\$	(778,674.96)
On Island Presence-Commercial (Jan-Dec 2026)	\$	(107,000.00)
HJUP Commercial Quoting	\$	(65,000.00)
Estimated Cash Position as of Dec 2026	\$	1,448,660.99



December 31, 2024

Jerry Bump
Insurance Division
Hawaii Department of Commerce and Consumer Affairs
PO Box 3614
Honolulu, HI 96811-3614

RE: HJUP - FINANCIAL STATEMENTS – QUARTER ENDING 09/30/2024

Dear Jerry:

Attached are the Hawaii Joint Underwriting Plan financial statements for the period ended **September 30, 2024**. The reporting requirement that breaks down the information into four separate classes was effective January 1, 2008. The four class reports will not balance to the fiscal year to date consolidated information for several reasons.

1. The premium deficiency reserve, claim service fee reserve and anticipated salvage and subrogation reserves computed by AIPSO do not contain a breakout of private passenger business between the high risk and other private passenger classifications. Therefore, the entries for these reserves are only allocated to the class level for Commercial and CPAI business. The difference in the change in reserves attributed to Private Passenger High Risk and Private Passenger other business, which cannot be allocated, are as followed:
 - Loss Reserves and Losses Incurred – \$1,079
 - Premium Deficiency Reserve - \$0
 - Servicing Carrier Fees Claim LAE- \$62,358 in addition to the difference in reserves, it should be noted that the Retro-Active Claim Fee was interfaced in the September 2024 quarter for a total of \$60,551.
2. Also, some general ledger accounts, such as interest income, bureau expenses, bank charges, etc. are not able to be split out by the four classes due to the nature of the account activity. We have not allocated these general income and expense items on the class exhibits.
3. The class reports are provided to allow the department to review the pure results of the HJUP business by class, without distortions, which would have occurred from the allocation of some non-class specific results.

The financial statements included are as follows:

BALANCE SHEET – CONSOLIDATED

STATEMENT OF INCOME AND EXPENSES - CONSOLIDATED AND BY CLASS

STATEMENT OF OTHER THAN UNDERWRITING EXPENSES - CONSOLIDATED

QUARTERLY EXHIBIT OF RESERVES - CONSOLIDATED AND BY CLASS

QUARTERLY RESULTS OF OPERATIONS - CONSOLIDATED AND BY CLASS

If you have any questions, please feel free to call me at (401) 429-1417.

Sincerely,



Victoria Ivanov,
Financial and Investment Services-Supervisor,

cc: Gordon Ito, HJUP
Thomas Assad, AIPSO
Kim Evangelista, AIPSO
David Maynard, AIPSO
Michelle Lapierre, AIPSO
Bethany Erno, AIPSO

Attachments

HAWAII JOINT UNDERWRITING PLAN
CONSOLIDATED BALANCE SHEET
September 30, 2024

	September 30, 2024	September 30, 2023
Assets		
Cash (Overdraft)		
Central Bank	\$ (146,130.73)	\$ (78,902.50)
Central Processor	(439.00)	-
Concentration Account	268,966.38	566,272.53
Servicing Carrier - Depository Cash	88,050.64	70,764.55
Servicing Carrier - Checks Outstanding	(134,084.96)	(69,055.22)
Servicing Carrier - Claims	(10,170.48)	(3,839.44)
Total Cash (Overdraft)	66,191.85	485,239.92
Investments	3,497,274.34	2,398,119.72
Accounts Receivable		
Servicing Carriers Premium Accounts	209,754.51	332,180.77
Cr Cards - State National	-	8,628.00
Salvage and Subrogation	-	-
Assigned Claims Program	295,234.73	245,285.04
Member Company	-	1,448.00
Accrued Interest	-	-
Late Payment Penalty Fees	100.00	100.00
Other	37,928.56	-
Installment Fees - State National	16.00	36.75
Due from Other JUA Plans	-	-
Total Accounts Receivable	543,033.80	587,678.56
Claim Service Fee Reserve	200,858.00	206,279.00
Total Assets	\$4,307,357.99	\$3,677,317.20
Liabilities & Members' Equity (Deficit)		
Loss Reserves (Incl IBNR)	\$ 1,524,691.22	\$ 1,639,043.48
Allocated LAE Reserve	2,866.43	2,331.90
Unearned Premium Reserve	1,359,872.38	1,674,504.31
Premium Deficiency Reserve	176,602.00	178,107.00
Outstanding Drafts	125,048.00	138,394.11
Outstanding Drafts - Assigned Claims	30,000.01	419.29
Escheat Reserves	61,383.98	65,395.30
Accounts Payable		
Servicing Carrier Fees- Claims	47,859.11	51,550.86
Servicing Carrier Fees- Operating	30,836.25	40,752.88
Unallocated Claim Expense Allowance	32,059.70	8,322.58
AIPSO	102,941.23	102,208.39
Commissions	5,303.05	(3,991.19)
Advanced Premium Collections	-	-
Other	(4,144.16)	17,223.30
Total Accounts Payable	214,855.18	216,066.82
Total Liabilities	3,495,319.20	3,914,262.21
Members' Equity (Deficit)	812,038.79	(236,945.01)
Total Liabilities & Members' Equity (Deficit)	\$4,307,357.99	\$3,677,317.20

HAWAII JOINT UNDERWRITING PLAN
CONSOLIDATED STATEMENT OF INCOME AND EXPENSES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024

	Quarter Ending Current	Quarter Ending Prior	Fiscal Year to Date Current	Fiscal Year to Date Prior	Fiscal year to Date Change	%
<u>Underwriting Income:</u>						
Premium Written	\$926,735.84	\$857,165.00	\$2,476,528.19	\$3,191,269.14	(\$714,740.95)	-22.40%
Change in Unearned Premiums	282,109.83	69,895.10	(314,631.93)	75,786.75	(390,418.68)	-515.15%
Premiums Earned	644,626.01	787,269.90	2,791,160.12	3,115,482.39	(324,322.27)	-10.41%
<u>Deductions:</u>						
Losses Paid	224,084.61	556,239.34	1,376,156.41	1,896,693.12	(520,536.71)	-27.44%
Change in Loss Reserves	(129,406.25)	(28,938.71)	(114,352.26)	(419,740.26)	305,388.00	-72.76%
Losses Incurred	94,678.36	527,300.63	1,261,804.15	1,476,952.86	(215,148.71)	-14.57%
Allocated LAE Paid	-	-	-	-	-	0.00%
Change in Allocated LAE Reserves	(1,450.70)	1,703.40	534.53	2,331.90	(1,797.37)	-77.08%
Allocated LAE Incurred	(1,450.70)	1,703.40	534.53	2,331.90	(1,797.37)	-77.08%
Change in Premium Deficiency Reserve	49.00	5,991.00	(1,505.00)	(146,552.00)	145,047.00	-98.97%
Servicing Carrier Fees - Claims LAE	26,203.03	139,163.61	371,126.29	439,211.05	(68,084.76)	-15.50%
Servicing Carrier Fees - Operating	96,169.63	36,373.78	267,398.66	279,853.40	(12,454.74)	-4.45%
Commissions Written	38,685.03	30,415.48	86,358.50	112,370.09	(26,011.59)	-23.15%
DMV Surcharge Fees	340.23	598.66	1,377.92	1,037.46	340.46	32.82%
Total Underwriting Deductions	254,674.58	741,546.56	1,987,095.05	2,165,204.76	(178,109.71)	-8.23%
Net Underwriting Gain (Loss)	389,951.43	45,723.34	804,065.07	950,277.63	(146,212.56)	-15.39%
Investment Income	35,994.10	31,229.96	112,145.12	115,150.49	(3,005.37)	-2.61%
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00	0.00%
<u>Other income (Expenses):</u>						
Misc. Income	2,126.58	0.00	1,899.58	(210.00)	2,109.58	-1004.56%
Membership Fees	0.00	0.00	336,000.00	360,000.00	(24,000.00)	-6.67%
Late Penalty Fees	150.00	0.00	389.39	1,745.44	(1,356.05)	-77.69%
Commissions Charged Off	-	-	(2.34)	(417.58)	415.24	-99.44%
Premiums Charged Off	(17,084.34)	(2,180.96)	(20,492.09)	(2,871.46)	(17,620.63)	613.65%
Premiums Charged Off - CPAI	(267,447.00)	(273,877.00)	(978,990.00)	(1,002,320.37)	23,330.37	-2.33%
Fronting Co Fees - AIO HI	(1,189.17)	(54,914.64)	(4,474.47)	(62,936.06)	58,461.59	-92.89%
Other than Underwriting Expenses	(218,678.41)	29,026.99	(801,634.46)	(276,071.90)	(525,562.56)	190.37%
Total Other Income (Expenses)	(502,122.34)	(301,945.61)	(1,467,304.39)	(983,081.93)	(484,222.46)	49.26%
Net Gain (Loss)	(\$76,176.81)	(\$224,992.31)	(\$551,094.20)	\$82,346.19	(\$633,440.39)	-769.24%

HAWAII JOINT UNDERWRITING PLAN
CONSOLIDATED STATEMENT OF OTHER THAN UNDERWRITING EXPENSES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024

	Quarter Ending Current	Quarter Ending Prior	Fiscal Year to Date Current	Fiscal Year to Date Prior	Fiscal Year to Date Change	%
Salaries	\$ 2,500.00	\$ 2,500.00	\$ 10,000.00	\$ 10,000.00	\$ -	0.00%
Postage	709.25	0.00	1,048.81	0.00	1,048.81	0.00%
Legal & Audit Expense	4,549.59	0.00	4,658.80	0.00	4,658.80	0.00%
Software Equipment	19,330.59	20,158.80	77,114.57	77,144.99	(30.42)	-0.04%
Central Processor	70,693.99	44,628.74	220,736.96	171,190.70	49,546.26	28.94%
Bank and Finance Charges	895.44	1,689.48	8,075.93	10,980.49	(2,904.56)	-26.45%
Rate making Expense	0.00	0.00	0.00	7,260.00	(7,260.00)	-100.00%
Bad Debt	0.00	(130,504.00)	(10.21)	(130,504.24)	130,494.03	-99.99%
Misc Shared Resources	7,500.00	7,500.00	30,000.00	30,000.00	0.00	0.00%
Other	112,499.55	24,999.99	450,009.60	99,999.96	350,009.64	350.01%
Total Other Than Underwriting Expenses	\$ 218,678.41	\$ (29,026.99)	\$ 801,634.46	\$ 276,071.90	\$ 525,562.56	190.37%

**HAWAII JOINT UNDERWRITING PLAN
CONSOLIDATED EXHIBIT OF RESERVES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	Prior Year End Reserves	First Quarter Change	Second Quarter Change	Third Quarter Change	Fourth Quarter Change	Quarter End Reserves
Unearned Premium	\$ 1,674,504.31	\$ (286,181.02)	\$ (244,334.91)	\$ (66,225.83)	\$ 282,109.83	\$ 1,359,872.38
Premium Deficiency Reserve	178,107.00	(10,698.00)	5,623.00	3,521.00	49.00	176,602.00
Loss Reserves	\$ 711,407.48	\$ (105,838.81)	\$ (20,263.44)	\$ 277,970.24	\$ 52,722.75	\$ 915,998.22
IBNR Loss Reserves	1,036,156.00	(222,834.00)	(211,780.00)	299,562.00	(203,596.00)	697,508.00
Anticipated Salvage and Subrogation	(108,520.00)	(20,731.00)	32,347.00	(13,378.00)	21,467.00	(88,815.00)
Loss Reserves including IBNR:	<u>\$ 1,639,043.48</u>	<u>\$ (349,403.81)</u>	<u>\$ (199,696.44)</u>	<u>\$ 564,154.24</u>	<u>\$ (129,406.25)</u>	<u>\$ 1,524,691.22</u>
Allocated LAE Reserves	(\$2,331.90)	\$1,278.80	\$237.86	\$468.57	(\$1,450.70)	\$ (1,797.37)

HAWAII JOINT UNDERWRITING PLAN
CONSOLIDATED QUARTERLY RESULTS OF OPERATION

	Quarter Ending Sep 2024	Quarter Ending Jun 2024	Quarter Ending Mar 2024	Quarter Ending Dec 2023	Quarter Ending Sep 2023
<u>Underwriting Income:</u>					
Premium Written	\$926,735.84	\$609,999.35	\$471,265.00	\$468,528.00	\$857,165.00
Change in Unearned Premiums	282,109.83	(66,225.83)	(244,334.91)	(286,181.02)	69,895.10
Premiums Earned	644,626.01	676,225.18	715,599.91	754,709.02	787,269.90
<u>Deductions:</u>					
Losses Paid	224,084.61	292,087.66	164,184.34	695,799.80	556,239.34
Change in Loss Reserves	(129,406.25)	564,154.24	(199,696.44)	(349,403.81)	(28,938.71)
Losses Incurred	94,678.36	856,241.90	(35,512.10)	346,395.99	527,300.63
Allocated LAE Paid	-	-	-	-	-
Change in Allocated LAE Reserves	(1,450.70)	468.57	237.86	1,278.80	1,703.40
Allocated LAE Incurred	(1,450.70)	468.57	237.86	1,278.80	1,703.40
Change in Premium Deficiency Reserve	49.00	3,521.00	5,623.00	(10,698.00)	5,991.00
Servicing Carrier Fees - Claims LAE	26,203.03	153,421.77	95,065.12	96,436.37	139,163.61
Servicing Carrier Fees - Operating	96,169.63	64,740.10	54,243.41	52,245.52	36,373.78
Commissions Written	38,685.03	20,080.28	10,740.09	16,853.10	30,415.48
DMV Surcharge Fees	340.23	269.69	(635.49)	1,403.49	598.66
Total Underwriting Deductions	254,674.58	1,098,274.74	129,524.03	502,636.47	739,843.16
Net Underwriting Gain (Loss)	389,951.43	(422,049.56)	586,075.88	252,072.55	47,426.74
Investment Income	35,994.10	22,455.98	23,354.01	30,341.03	31,229.96
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00
<u>Other Income (Expenses):</u>					
Miscellaneous Income	2,126.58	0.00	(227.00)	-	0.00
Membership Fees	0.00	336,000.00	-	0.00	0.00
Late Penalty Fees	150.00	239.39	-	0.00	0.00
Commissions Charged Off	-	(2.34)	-	-	-
Premiums Charged Off	(17,084.34)	(4,405.75)	(34.50)	1,032.50	(2,180.96)
Premiums Charged Off - CPAI	(267,447.00)	(225,697.00)	(264,334.00)	(221,512.00)	(273,877.00)
Fronting Co Fees - AIO HI	(1,189.17)	(970.01)	(1,076.91)	(1,238.38)	(54,914.64)
Other than Underwriting Expenses	(218,678.41)	(201,260.56)	(193,388.76)	(188,306.73)	29,026.99
Total Other Income (Expenses)	(502,122.34)	(96,096.27)	(459,061.17)	(410,024.61)	(301,945.61)
Net Gain (Loss)	(\$76,176.81)	(\$495,689.85)	\$150,368.72	(\$127,611.03)	(\$223,288.91)

HAWAII JOINT UNDERWRITING PLAN
RETAINED EARNINGS
September 30, 2024

Trial Balance

Total Assets	<u>\$4,106,499.99</u>
Total Liabilities	(\$3,294,461.20)
Total Retained Earnings	<u>(\$1,363,132.99)</u>
Liabilities + Retained Earnings	<u>(4,657,594.19)</u>
Assets + Liabilities + Retained Earnings	(551,094.20)
Total Income	(\$2,926,959.94)
Total Expense	<u>\$3,478,054.14</u>
Net (Income) & Expense	<u>551,094.20</u>
Difference	<u><u>0.00</u></u>

Retained Earnings

Retained Earnings from Trial Balance	(\$1,363,132.99)
Net (Income) & Expense from Trial Balance	\$551,094.20
Total Retained Earnings	<u><u>(\$812,038.79)</u></u>

HAWAII JOINT UNDERWRITING PLAN
CPAI
STATEMENT OF INCOME AND EXPENSES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024

	<u>Quarter Ending</u>	<u>Fiscal Year to Date</u>
<u>Underwriting Income</u>		
Premium Written	\$267,447.00	\$978,990.00
Change in Unearned Premiums	19,179.74	(14,205.43)
Premiums Earned	<u>248,267.26</u>	<u>993,195.43</u>
<u>Deductions</u>		
Losses Paid	39,113.43	190,218.36
Change in Loss Reserves	(275,468.21)	251,345.20
Losses Incurred	<u>(236,354.78)</u>	<u>441,563.56</u>
Allocated LAE Paid	0.00	0.00
Change in Allocated LAE Reserves	(931.90)	1,189.00
Allocated LAE Incurred	<u>(931.90)</u>	<u>1,189.00</u>
Change in Premium Deficiency Reserve	49.00	(1,505.00)
Servicing Carrier Fees - Claims LAE	20,691.21	109,688.80
Servicing Carrier Fees - Operating	28,798.77	110,553.68
Servicing Carrier Fees - Collections	0.00	0.00
Commissions Written	0.00	0.00
Total Underwriting Deductions	<u>(186,815.80)</u>	<u>660,301.04</u>
Net Underwriting Gain (Loss)	435,083.06	332,894.39
<u>Other Income (Expenses)</u>		
Commissions Charged Off	0.00	0.00
Premiums Charged Off	(267,447.00)	(978,990.00)
Fronting Co Fees - AIO HI	(1,189.17)	(4,474.47)
Other than Underwriting Expenses	(18,000.00)	(72,000.00)
Total Other Income (Expenses)	<u>(286,636.17)</u>	<u>(1,055,464.47)</u>
Net Gain (Loss)	<u>\$148,446.89</u>	<u>(\$722,570.08)</u>

**HAWAII JOINT UNDERWRITING PLAN
CPAI
EXHIBIT OF RESERVES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	Prior Year End Reserves	First Quarter Change	Second Quarter Change	Third Quarter Change	Fourth Quarter Change	Quarter End Reserves
Unearned Premium	\$ 510,705.02	\$ (30,673.71)	\$ 17,739.48	\$ (20,450.94)	\$ 19,179.74	\$ 496,499.59
Premium Deficiency Reserve	178,107.00	(10,698.00)	5,623.00	3,521.00	49.00	176,602.00
Loss Reserves	\$ 152,744.94	\$ 31,314.08	\$ (21,995.63)	\$ 317,625.96	\$ (144,623.21)	\$ 335,066.14
IBNR Loss Reserves	41,687.00	(11,036.00)	17,320.00	198,447.00	(132,368.00)	114,050.00
Anticipated Salvage and Subrogation	(9,007.00)	(248.00)	449.00	(5,063.00)	1,523.00	(12,346.00)
Loss Reserves including IBNR:	<u>\$ 185,424.94</u>	<u>\$ 20,030.08</u>	<u>\$ (4,226.63)</u>	<u>\$ 511,009.96</u>	<u>\$ (275,468.21)</u>	<u>\$ 436,770.14</u>
Allocated LAE Reserves	(\$1,817.50)	\$1,264.40	\$79.87	\$468.57	(\$931.90)	\$ (936.56)

HAWAII JOINT UNDERWRITING PLAN
CPAI
QUARTERLY RESULTS OF OPERATION

	Quarter Ending Sep 2024	Quarter Ending Jun 2024	Quarter Ending Mar 2024	Quarter Ending Dec 2023	Quarter Ending Sep 2023
<u>Underwriting Income:</u>					
Premium Written	\$267,447.00	\$225,697.00	\$264,334.00	\$221,512.00	\$273,877.00
Change in Unearned Premiums	19,179.74	(20,450.94)	17,739.48	(30,673.71)	22,114.85
Premiums Earned	<u>248,267.26</u>	<u>246,147.94</u>	<u>246,594.52</u>	<u>252,185.71</u>	<u>251,762.15</u>
<u>Deductions:</u>					
Losses Paid	39,113.43	33,562.08	58,314.81	59,228.04	41,389.02
Change in Loss Reserves	(275,468.21)	511,009.96	(4,226.63)	20,030.08	(33,884.93)
Losses Incurred	<u>(236,354.78)</u>	<u>544,572.04</u>	<u>54,088.18</u>	<u>79,258.12</u>	<u>7,504.09</u>
Allocated LAE Paid	0.00	0.00	0.00	0.00	0.00
Change in Allocated LAE Reserves	(931.90)	468.57	79.87	1,264.40	(931.90)
Allocated LAE Incurred	<u>(931.90)</u>	<u>468.57</u>	<u>79.87</u>	<u>1,264.40</u>	<u>(931.90)</u>
Change in Premium Deficiency Reserve	49.00	3,521.00	5,623.00	(10,698.00)	5,991.00
Servicing Carrier Fees - Claims LAE	20,691.21	40,031.11	8,463.33	40,503.15	46,462.57
Servicing Carrier Fees - Operating	28,798.77	25,473.33	32,651.32	23,630.26	(20,017.75)
Commissions Written	0.00	0.00	0.00	0.00	0.00
Total Underwriting Deductions	<u>(186,815.80)</u>	<u>613,597.48</u>	<u>100,825.83</u>	<u>132,693.53</u>	<u>39,939.91</u>
Net Underwriting Gain (Loss)	435,083.06	(367,449.54)	145,768.69	119,492.18	211,822.24
Investment Income	0.00	0.00	0.00	0.00	0.00
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00
<u>Other Income (Expenses):</u>					
Membership Fees	0.00	0.00	0.00	0.00	0.00
Late Penalty Fees	0.00	0.00	0.00	0.00	0.00
Commissions Charged Off	0.00	0.00	0.00	0.00	0.00
Premiums Charged Off	0.00	0.00	0.00	0.00	0.00
Premiums Charged Off - CPAI	(267,447.00)	(225,697.00)	(264,334.00)	(221,512.00)	(273,877.00)
Fronting Co Fees - AIO HI	(1,189.17)	(970.01)	(1,076.91)	(1,238.38)	(54,914.64)
Other than Underwriting Expenses	(18,000.00)	(18,000.00)	76,500.00	(112,500.00)	(24,999.99)
Total Other Income (Expenses)	<u>(286,636.17)</u>	<u>(244,667.01)</u>	<u>(188,910.91)</u>	<u>(335,250.38)</u>	<u>(353,791.63)</u>
Net Gain (Loss)	<u>\$148,446.89</u>	<u>(\$612,116.55)</u>	<u>(\$43,142.22)</u>	<u>(\$215,758.20)</u>	<u>(\$141,969.39)</u>

**HAWAII JOINT UNDERWRITING PLAN
COMMERCIAL
STATEMENT OF INCOME AND EXPENSES
September 30, 2024**

	Quarter Ending	Fiscal Year to Date
<u>Underwriting Income</u>		
Premium Written	\$628,796.58	\$362,515.00
Change in Unearned Premiums	266,665.33	(554,221.32)
Premiums Earned	362,131.25	916,736.32
<u>Deductions</u>		
Losses Paid	182,737.27	724,608.58
Change in Loss Reserves	127,176.62	(545,794.61)
Losses Incurred	309,913.89	178,813.97
Allocated LAE Paid	0.00	0.00
Change in Allocated LAE Reserves	0.00	0.00
Allocated LAE Incurred	0.00	0.00
Change in Premium Deficiency Reserve	0.00	0.00
Servicing Carrier Fees - Claims LAE	34,984.20	76,979.99
Servicing Carrier Fees - Operating	62,879.66	36,251.50
Servicing Carrier Fees - Collections	0.00	0.00
Commissions Written	35,753.49	18,260.49
Total Underwriting Deductions	443,531.24	310,305.95
Net Underwriting Gain (Loss)	(81,399.99)	606,430.37
<u>Other Income (Expenses)</u>		
Commissions Charged Off	0.00	0.00
Premiums Charged Off	(16,651.53)	998.00
Fronting Co Fees - AIO HI	0.00	0.00
Other than Underwriting Expenses	(87,500.01)	(175,000.02)
Total Other Income (Expenses)	(104,151.54)	(174,002.02)
Net Gain (Loss)	(\$185,551.53)	\$432,428.35

**HAWAII JOINT UNDERWRITING PLAN
COMMERCIAL
EXHIBIT OF RESERVES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	Prior Year End Reserves	First Quarter Change	Second Quarter Change	Third Quarter Change	Fourth Quarter Change	Quarter End Reserves
Unearned Premium	\$ 1,120,264.32	\$ (319,515.11)	\$ (234,706.21)	\$ (45,486.53)	\$ 266,665.33	\$ 787,221.80
Premium Deficiency Reserve	-	-	-	-	-	-
Loss Reserves	\$ 533,932.00	\$ (127,218.67)	\$ 1,226.06	\$ (42,203.66)	\$ 203,456.62	\$ 569,192.35
IBNR Loss Reserves	949,707.00	(216,972.00)	(210,431.00)	89,988.00	(97,303.00)	514,989.00
Anticipated Salvage and Subrogation	(92,890.00)	(20,867.00)	28,468.00	(8,825.00)	21,023.00	(73,091.00)
Loss Reserves including IBNR:	<u>\$ 1,390,749.00</u>	<u>\$ (365,057.67)</u>	<u>\$ (180,736.94)</u>	<u>\$ 38,959.34</u>	<u>\$ 127,176.62</u>	<u>\$ 1,011,090.35</u>
Allocated LAE Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$ -

**HAWAII JOINT UNDERWRITING PLAN
COMMERCIAL
QUARTERLY RESULTS OF OPERATION**

	Quarter Ending Sep 2024	Quarter Ending Jun 2024	Quarter Ending Mar 2024	Quarter Ending Dec 2023	Quarter Ending Sep 2023
<u>Underwriting Income:</u>					
Premium Written	\$628,796.58	\$360,948.43	\$204,561.00	\$157,954.00	\$550,688.00
Change in Unearned Premiums	266,665.33	(45,486.53)	(234,706.21)	(319,515.11)	37,585.64
Premiums Earned	362,131.25	406,434.96	439,267.21	477,469.11	513,102.36
<u>Deductions:</u>					
Losses Paid	182,737.27	253,487.55	91,582.04	633,026.54	490,259.81
Change in Loss Reserves	127,176.62	38,959.34	(180,736.94)	(365,057.67)	(43,521.27)
Losses Incurred	309,913.89	292,446.89	(89,154.90)	267,968.87	446,738.54
Allocated LAE Paid	0.00	0.00	0.00	0.00	0.00
Change in Allocated LAE Reserves	0.00	0.00	0.00	0.00	0.00
Allocated LAE Incurred	0.00	0.00	0.00	0.00	0.00
Change in Premium Deficiency Reserve	0.00	0.00	0.00	0.00	0.00
Servicing Carrier Fees - Claims LAE	34,984.20	82,153.53	43,336.46	33,643.53	60,651.27
Servicing Carrier Fees - Operating	62,879.66	36,094.84	20,456.10	15,795.40	55,068.80
Commissions Written	35,753.49	18,047.20	10,250.69	8,009.80	27,534.38
Total Underwriting Deductions	443,531.24	428,742.46	(15,111.65)	325,417.60	589,992.99
Net Underwriting Gain (Loss)	(81,399.99)	(22,307.50)	454,378.86	152,051.51	(76,890.63)
Investment Income	0.00	0.00	0.00	0.00	0.00
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00
<u>Other Income (Expenses):</u>					
Membership Fees	0.00	0.00	0.00	0.00	0.00
Late Penalty Fees	0.00	0.00	0.00	0.00	0.00
Commissions Charged Off	0.00	0.00	0.00	0.00	0.00
Premiums Charged Off	(16,651.53)	(617.23)	(34.50)	1,032.50	(2,180.96)
Premiums Charged Off - CPAI	0.00	0.00	0.00	0.00	0.00
Fronting Co Fees - AIO HI	0.00	0.00	0.00	0.00	0.00
Other than Underwriting Expenses	(87,500.01)	(87,500.01)	(175,000.02)	0.00	0.00
Total Other Income (Expenses)	(104,151.54)	(88,117.24)	(175,034.52)	1,032.50	(2,180.96)
Net Gain (Loss)	(\$185,551.53)	(\$110,424.74)	\$279,344.34	\$153,084.01	(\$79,071.59)

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - OTHER
STATEMENT OF INCOME AND EXPENSES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	<u>Quarter Ending</u>	<u>Fiscal Year to Date</u>
<u>Underwriting Income</u>		
Premium Written	\$8,404.26	\$20,391.00
Change in Unearned Premiums	1,643.29	4,239.67
Premiums Earned	<u>6,760.97</u>	<u>16,151.33</u>
<u>Deductions</u>		
Losses Paid	-	16,573.69
Change in Loss Reserves	(20,096.21)	(16,066.02)
Losses Incurred	<u>(20,096.21)</u>	<u>507.67</u>
Allocated LAE Paid	0.00	0.00
Change in Allocated LAE Reserves	(504.40)	514.40
Allocated LAE Incurred	<u>(504.40)</u>	<u>514.40</u>
Change in Premium Deficiency Reserve	0.00	0.00
Servicing Carrier Fees - Claims LAE	281.63	378.63
Servicing Carrier Fees - Operating	1,258.21	3,305.15
Servicing Carrier Fees - Collections	0.00	0.00
Commissions Written	820.35	2,228.60
Total Underwriting Deductions	<u>(17,736.02)</u>	<u>6,420.05</u>
Net Underwriting Gain (Loss)	24,496.99	9,731.28
<u>Other Income (Expenses)</u>		
Commissions Charged Off	0.00	-
Premiums Charged Off	(433.31)	-
Fronting Co Fees - AIO HI	0.00	0.00
Other than Underwriting Expenses	(3,000.00)	(6,000.00)
Total Other Income (Expenses)	<u>(3,433.31)</u>	<u>(6,000.00)</u>
Net Gain (Loss)	<u>\$21,063.68</u>	<u>\$3,731.28</u>

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - OTHER
EXHIBIT OF RESERVES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	Prior Year End Reserves	First Quarter Change	Second Quarter Change	Third Quarter Change	Fourth Quarter Change	Quarter End Reserves
Unearned Premium	\$ 12,808.16	\$ 29,038.99	\$ (24,799.32)	\$ (7,234.14)	\$ 1,643.29	\$ 11,456.98
Premium Deficiency Reserve	-	-	-	-	-	-
Loss Reserves	\$ 19,449.49	\$ (9,934.22)	\$ 2,545.20	\$ 2,547.94	\$ (14,563.21)	\$ 45.20
IBNR Loss Reserves	24,548.00	(9,512.00)	835.00	(3,459.00)	(5,533.00)	6,879.00
Anticipated Salvage and Subrogation	0.00	0.00	0.00	0.00	0.00	0.00
Loss Reserves including IBNR:	<u>\$ 43,997.49</u>	<u>\$ (19,446.22)</u>	<u>\$ 3,380.20</u>	<u>\$ (911.06)</u>	<u>\$ (20,096.21)</u>	<u>\$ 6,924.20</u>
Allocated LAE Reserves	(\$514.40)	\$0.00	\$157.99	\$0.00	(\$504.40)	\$ (860.81)

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - OTHER
QUARTERLY RESULTS OF OPERATION**

	Quarter Ending Sep 2024	Quarter Ending Jun 2024	Quarter Ending Mar 2024	Quarter Ending Dec 2023	Quarter Ending Sep 2023
<u>Underwriting Income:</u>					
Premium Written	\$8,404.26	(\$12,868.54)	(\$17,525.00)	\$37,916.00	\$7,524.00
Change in Unearned Premiums	1,643.29	(7,234.14)	(24,799.32)	29,038.99	866.16
Premiums Earned	6,760.97	(5,634.40)	7,274.32	8,877.01	6,657.84
<u>Deductions:</u>					
Losses Paid	-	5,038.03	13,028.47	3,545.22	24,590.51
Change in Loss Reserves	(20,096.21)	(911.06)	3,380.20	(19,446.22)	34,633.49
Losses Incurred	(20,096.21)	4,126.97	16,408.67	(15,901.00)	59,224.00
Allocated LAE Paid	0.00	0.00	0.00	0.00	0.00
Change in Allocated LAE Reserves	(504.40)	0.00	157.99	0.00	(504.40)
Allocated LAE Incurred	(504.40)	0.00	157.99	0.00	(504.40)
Change in Premium Deficiency Reserve	0.00	0.00	0.00	0.00	0.00
Servicing Carrier Fees - Claims LAE	281.63	(934.77)	84.57	294.06	305.64
Servicing Carrier Fees - Operating	1,258.21	(1,751.79)	(2,011.91)	5,317.06	26.39
Commissions Written	820.35	(850.52)	(1,500.10)	3,728.70	665.70
Total Underwriting Deductions	(17,736.02)	589.89	12,981.23	(6,561.18)	60,221.73
Net Underwriting Gain (Loss)	24,496.99	(6,224.29)	(5,706.91)	15,438.19	(53,563.89)
Investment Income	0.00	0.00	0.00	0.00	0.00
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00
<u>Other Income (Expenses):</u>					
Membership Fees	0.00	0.00	0.00	0.00	0.00
Late Penalty Fees	0.00	0.00	0.00	0.00	0.00
Commissions Charged Off	0.00	0.00	0.00	0.00	0.00
Premiums Charged Off	(433.31)	(3,609.52)	0.00	0.00	0.00
Premiums Charged Off - CPAI	0.00	0.00	0.00	0.00	0.00
Fronting Co Fees - AIO HI	0.00	0.00	0.00	0.00	0.00
Other than Underwriting Expenses	(3,000.00)	(3,000.00)	(6,000.00)	0.00	0.00
Total Other Income (Expenses)	(3,433.31)	(6,609.52)	(6,000.00)	0.00	-
Net Gain (Loss)	\$21,063.68	(\$12,833.81)	(\$11,706.91)	\$15,438.19	(\$53,563.89)

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - HIGH RISK
STATEMENT OF INCOME AND EXPENSES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	<u>Quarter Ending</u>	<u>Fiscal Year to Date</u>
<u>Underwriting Income</u>		
Premium Written	\$22,088.00	\$71,329.00
Change in Unearned Premiums	(5,378.53)	23,964.55
Premiums Earned	<u>27,466.53</u>	<u>47,364.45</u>
<u>Deductions</u>		
Losses Paid	2,233.91	1,259.02
Change in Loss Reserves	40,060.55	(6,857.07)
Losses Incurred	<u>42,294.46</u>	<u>(5,598.05)</u>
Allocated LAE Paid	0.00	0.00
Change in Allocated LAE Reserves	(14.40)	0.00
Allocated LAE Incurred	<u>(14.40)</u>	<u>0.00</u>
Change in Premium Deficiency Reserve	0.00	0.00
Servicing Carrier Fees - Claims LAE	32,604.08	76,456.73
Servicing Carrier Fees - Operating	3,232.99	10,694.62
Servicing Carrier Fees - Collections	0.00	0.00
Commissions Written	2,111.19	7,132.90
Total Underwriting Deductions	<u>80,242.72</u>	<u>88,686.20</u>
Net Underwriting Gain (Loss)	(52,776.19)	(41,321.75)
<u>Other Income (Expenses)</u>		
Commissions Charged Off	0.00	0.00
Premiums Charged Off	0.50	0.00
Fronting Co Fees - AIO HI	0.00	0.00
Other than Underwriting Expenses	(3,999.99)	(9,333.31)
Total Other Income (Expenses)	<u>(3,999.49)</u>	<u>(9,333.31)</u>
Net Gain (Loss)	<u>(\$56,775.68)</u>	<u>(\$50,655.06)</u>

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - HIGH RISK
EXHIBIT OF RESERVES
YEAR TO DATE THROUGH SEPTEMBER 30, 2024**

	Prior Year End Reserves	First Quarter Change	Second Quarter Change	Third Quarter Change	Fourth Quarter Change	Quarter End Reserves
Unearned Premium	\$ 30,726.81	\$ 34,968.81	\$ (2,568.86)	\$ 6,945.78	\$ (5,378.53)	\$ 64,694.01
Premium Deficiency Reserve	-	-	-	-	-	-
Loss Reserves	\$ 5,281.05	\$ -	\$ (2,039.07)	\$ -	\$ 8,452.55	\$ 11,694.53
IBNR Loss Reserves	20,214.00	14,686.00	(19,504.00)	14,586.00	31,608.00	61,590.00
Anticipated Salvage and Subrogation	0.00	0.00	0.00	0.00	0.00	0.00
Loss Reserves including IBNR:	<u>\$ 25,495.05</u>	<u>\$ 14,686.00</u>	<u>\$ (21,543.07)</u>	<u>\$ 14,586.00</u>	<u>\$ 40,060.55</u>	<u>\$ 73,284.53</u>
Allocated LAE Reserves	\$0.00	\$14.40	\$0.00	\$0.00	(\$14.40)	\$ -

**HAWAII JOINT UNDERWRITING PLAN
PRIVATE - HIGH RISK
QUARTERLY RESULTS OF OPERATION**

	Quarter Ending Sep 2024	Quarter Ending Jun 2024	Quarter Ending Mar 2024	Quarter Ending Dec 2023	Quarter Ending Sep 2023
<u>Underwriting Income:</u>					
Premium Written	\$22,088.00	\$36,222.46	\$19,895.00	\$51,146.00	\$25,076.00
Change in Unearned Premiums	(5,378.53)	6,945.78	(2,568.86)	34,968.81	9,328.45
Premiums Earned	27,466.53	29,276.68	22,463.86	16,177.19	15,747.55
<u>Deductions:</u>					
Losses Paid	2,233.91	-	1,259.02	-	-
Change in Loss Reserves	40,060.55	14,586.00	(21,543.07)	14,686.00	17,732.00
Losses Incurred	42,294.46	14,586.00	(20,284.05)	14,686.00	17,732.00
Allocated LAE Paid	0.00	0.00	0.00	0.00	0.00
Change in Allocated LAE Reserves	(14.40)	0.00	0.00	14.40	(14.40)
Allocated LAE Incurred	(14.40)	0.00	0.00	14.40	(14.40)
Change in Premium Deficiency Reserve	0.00	0.00	0.00	0.00	0.00
Servicing Carrier Fees - Claims LAE	32,604.08	28,873.90	43,379.76	22,196.63	31,644.13
Servicing Carrier Fees - Operating	3,232.99	4,923.72	3,147.90	7,502.80	1,296.34
Commissions Written	2,111.19	2,883.60	1,989.50	5,114.60	2,215.40
Total Underwriting Deductions	80,242.72	51,267.22	28,233.11	49,500.03	52,887.87
Net Underwriting Gain (Loss)	(52,776.19)	(21,990.54)	(5,769.25)	(33,322.84)	(37,140.32)
Investment Income	0.00	0.00	0.00	0.00	0.00
Gain (Loss) on Investments	0.00	0.00	0.00	0.00	0.00
<u>Other Income (Expenses):</u>					
Membership Fees	0.00	0.00	0.00	0.00	0.00
Late Penalty Fees	0.00	0.00	0.00	0.00	0.00
Commissions Charged Off	0.00	(2.34)	0.00	0.00	0.00
Premiums Charged Off	0.50	(179.00)	0.00	0.00	0.00
Premiums Charged Off - CPAI	0.00	0.00	0.00	0.00	0.00
Fronting Co Fees - AIO HI	0.00	0.00	0.00	0.00	0.00
Other than Underwriting Expenses	(3,999.99)	(3,999.99)	(7,999.98)	0.00	0.00
Total Other Income (Expenses)	(3,999.49)	(4,181.33)	(7,999.98)	0.00	0.00
Net Gain (Loss)	(\$56,775.68)	(\$26,171.87)	(\$13,769.23)	(\$33,322.84)	(\$37,140.32)

HAWAII PRIVATE PASSENGER Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

	A	B	C	D	E	F	G	H	I	J	K	L	M
			Losses	Claim	Other	Net	Net Misc.	Net Result	C/B	D/B	E/A	I+J+K	L+(G/A)
Policy Year	Premium Written	Premium Earned	Incurred Including IBNR	Service Fees	Underwriting Expenses	Underwriting Results	Income & Expense	of Operations	Incurred Losses	LAE Incurred	Other U/W Exp	Net U/W Result	Net Operating Result
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	306,305	306,305	193,203	30,785	41,375	40,943	-2,998	43,941	63.08%	10.05%	13.51%	86.64%	85.66%
2014	207,772	207,772	87,137	20,485	32,385	67,765	7,165	60,600	41.94%	9.86%	15.59%	67.39%	70.84%
2015	209,421	209,421	112,996	22,468	27,038	46,918	-20,464	67,382	53.96%	10.73%	12.91%	77.60%	67.83%
2016	220,940	220,940	45,975	21,542	28,325	125,098	-2,483	127,582	20.81%	9.75%	12.82%	43.38%	42.26%
2017	209,714	209,714	81,626	24,105	25,811	78,172	-9,503	87,675	38.92%	11.49%	12.31%	62.72%	58.19%
2018	135,927	135,927	18,427	12,820	16,881	87,800	-8,138	95,938	13.56%	9.43%	12.42%	35.41%	29.42%
2019	137,166	137,166	102,485	13,729	16,751	4,201	-6,640	10,841	74.72%	10.01%	12.21%	96.94%	92.10%
2020	140,887	140,887	10,258	13,000	16,646	100,983	-15,662	116,645	7.28%	9.23%	11.81%	28.32%	17.20%
2021	130,942	130,942	77,829	12,076	15,304	25,733	-7,143	32,876	59.44%	9.22%	11.69%	80.35%	74.89%
2022	63,248	63,248	21,104	6,259	10,221	25,665	-2,895	28,561	33.37%	9.90%	16.16%	59.43%	54.85%
2023	105,102	87,549	87,767	8,918	19,928	-29,065	-1,113	-27,952	100.25%	10.19%	18.96%	129.40%	128.34%
2024	84,299	21,966	12,708	3,713	15,245	-9,700	-15,186	5,486	57.85%	16.90%	18.08%	92.83%	74.82%
Total	1,951,724	1,871,837	851,514	189,901	265,909	564,513	-85,061	649,574	45.49%	10.15%	13.62%	69.26%	64.90%
Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	306,305	306,305	193,203	30,785	41,375	40,943	-2,998	43,941	63.08%	10.05%	13.51%	86.64%	85.66%
2014	207,772	207,772	87,137	20,485	32,385	67,765	7,165	60,600	41.94%	9.86%	15.59%	67.39%	70.84%
2015	209,421	209,421	112,996	22,468	27,038	46,918	-20,464	67,382	53.96%	10.73%	12.91%	77.60%	67.83%
2016	220,832	220,832	45,975	21,529	28,314	125,014	-2,592	127,605	20.82%	9.75%	12.82%	43.39%	42.22%
2017	211,305	211,305	81,626	24,274	25,970	79,435	-10,004	89,439	38.63%	11.49%	12.29%	62.41%	57.68%
2018	137,758	137,758	17,731	13,010	17,064	89,953	-8,639	98,592	12.87%	9.44%	12.39%	34.70%	28.43%
2019	139,019	139,019	102,171	13,621	16,936	6,290	-7,141	13,431	73.49%	9.80%	12.18%	95.47%	90.33%
2020	143,165	143,165	10,548	13,218	16,873	102,526	-16,163	118,689	7.37%	9.23%	11.79%	28.39%	17.10%
2021	135,568	135,568	81,201	12,456	15,767	26,144	-7,644	33,789	59.90%	9.19%	11.63%	80.72%	75.08%
2022	63,230	55,481	24,348	5,569	10,044	15,520	-3,396	18,916	43.89%	10.04%	15.88%	69.81%	64.44%
2023	29,962	4,371	11,022	689	5,157	-12,497	-9,390	-3,108	252.15%	15.77%	17.21%	285.13%	253.79%
Total	1,804,338	1,770,997	767,957	178,105	236,923	588,011	-81,266	669,277	43.36%	10.06%	13.13%	66.55%	62.05%
Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0					
2014	0	0	0	0	0	0	0	0					
2015	0	0	0	0	0	0	0	0					
2016	108	108	0	13	11	84	108	-24					
2017	-1,592	-1,592	0	-169	-159	-1,263	501	-1,764					
2018	-1,831	-1,831	696	-190	-183	-2,153	501	-2,654					
2019	-1,853	-1,853	314	107	-185	-2,089	501	-2,590					
2020	-2,278	-2,278	-289	-218	-228	-1,543	501	-2,044					
2021	-4,626	-4,626	-3,372	-380	-463	-412	501	-913					
2022	18	7,768	-3,244	690	177	10,146	501	9,645					
2023	75,140	83,177	76,745	8,229	14,771	-16,568	8,277	-24,844					
2024	84,299	21,966	12,708	3,713	15,245	-9,700	-15,186	5,486					
Total	147,386	100,840	83,557	11,795	28,985	-23,498	-3,795	-19,702					

Note: This is not a Member Participation Report. See User's Guide for Adjustments under Miscellaneous Income and Expense.

HAWAII PRIVATE PASSENGER Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

Policy Year	INCURRED LOSSES			LOSS ADJUSTMENT EXPENSE		OTHER UNDERWRITING EXPENSES				MISCELLANEOUS INCOME AND EXPENSE			
	Paid Losses	Reserves	IBNR	ULAE	Incurred ALAE	Operating Service Fees	CPAI Charge-offs	Commission	Premium Deficiency Reserve	Investment Income	Charge-Offs	Misc Expenses	Other Misc Income
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	193,203	0	0	0	0	30,631	0	10,744	0	42	2,077	15,009	20,042
2014	87,137	0	0	0	0	20,777	0	11,608	0	60	1,130	14,451	8,356
2015	112,996	0	0	0	0	20,941	0	6,097	0	-37	3,127	23,112	46,739
2016	45,975	0	0	0	0	22,095	0	6,230	0	1,274	2,666	11,762	15,638
2017	81,626	0	0	0	0	20,971	0	4,839	0	2,409	1,246	9,286	17,626
2018	18,427	0	0	0	0	13,593	0	3,288	0	3,829	1,075	6,833	12,217
2019	103,068	-583	0	0	0	13,717	0	3,035	0	4,565	1,052	7,667	10,794
2020	10,850	-592	0	0	0	14,089	0	2,557	0	832	2,635	15,959	33,424
2021	77,433	-9	405	0	0	13,094	0	2,210	0	15	966	9,317	17,411
2022	16,318	3,117	1,668	0	0	6,325	0	3,896	0	1,150	619	5,834	8,198
2023	46,552	14,207	27,008	0	0	10,510	0	9,418	0	6,033	696	14,989	10,765
2024	0	0	12,708	0	0	8,430	0	6,815	0	4,258	0	12,848	23,776
Total	793,584	16,141	41,790	0	0	195,172	0	70,736	0	24,431	17,289	147,066	224,986
Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	193,203	0	0	0	0	30,631	0	10,744	0	42	2,077	15,009	20,042
2014	87,137	0	0	0	0	20,777	0	11,608	0	60	1,130	14,451	8,356
2015	112,996	0	0	0	0	20,941	0	6,097	0	-37	3,127	23,112	46,739
2016	45,975	0	0	0	0	22,084	0	6,230	0	1,274	2,558	11,762	15,638
2017	81,626	0	0	0	0	21,131	0	4,839	0	2,409	745	9,286	17,626
2018	18,427	-696	0	0	0	13,776	0	3,288	0	3,829	574	6,833	12,217
2019	103,068	0	-897	0	0	13,902	0	3,035	0	4,565	551	7,667	10,794
2020	10,850	0	-302	0	0	14,316	0	2,557	0	832	2,134	15,959	33,424
2021	77,433	2,209	1,560	0	0	13,557	0	2,210	0	15	465	9,317	17,411
2022	15,059	2,906	6,383	0	0	6,323	0	3,721	0	1,150	118	5,834	8,198
2023	350	4,566	6,106	0	0	2,996	0	2,161	0	938	22	2,291	10,765
Total	746,123	8,986	12,849	0	0	180,434	0	56,490	0	15,077	13,501	121,520	201,210
Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	11	0	0	0	0	108	0	0
2017	0	0	0	0	0	-159	0	0	0	0	501	0	0
2018	0	696	0	0	0	-183	0	0	0	0	501	0	0
2019	0	-583	897	0	0	-185	0	0	0	0	501	0	0
2020	0	-592	302	0	0	-228	0	0	0	0	501	0	0
2021	0	-2,217	-1,154	0	0	-463	0	0	0	0	501	0	0
2022	1,259	211	-4,714	0	0	2	0	175	0	0	501	0	0
2023	46,202	9,640	20,902	0	0	7,514	0	7,257	0	5,095	674	12,698	0
2024	0	0	12,708	0	0	8,430	0	6,815	0	4,258	0	12,848	23,776
Total	47,461	7,155	28,941	0	0	14,739	0	14,247	0	9,354	3,789	25,546	23,776

The Supplemental Fee, if any, is included with Administration Fees. See User's Guide for further information, and an explanation, for adjustments under Miscellaneous Income and Expense.

HAWAII CPAI Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

	A	B	C	D	E	F	G	H	I	J	K	L	M
			Losses			B-C-D-E		F-G	C/B	D/B	E/A	I+J+K	L+(G/A)
Policy Year	Premium Written	Premium Earned	Incurred Including IBNR	Claim Service Fees	Other Underwriting Expenses	Net Underwriting Results	Net Misc. Income & Expense	Net Result of Operations	Incurred Losses	LAE Incurred	Other U/W Exp	Net U/W Result	Net Operating Result
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	3,094,270	3,094,270	758,588	309,427	3,279,926	-1,253,672	-39,386	-1,214,286	24.52%	10.00%	106.00%	140.52%	139.25%
2014	2,951,398	2,951,398	926,597	295,140	3,128,672	-1,399,011	-8,948	-1,390,063	31.40%	10.00%	106.01%	147.41%	147.11%
2015	2,618,652	2,618,652	675,013	271,122	2,775,772	-1,103,254	-415,936	-687,318	25.78%	10.35%	106.00%	142.13%	126.25%
2016	2,388,777	2,388,777	817,308	238,878	2,532,104	-1,199,512	-57,247	-1,142,266	34.21%	10.00%	106.00%	150.21%	147.81%
2017	2,135,403	2,135,403	738,370	267,838	2,263,461	-1,134,266	-84,877	-1,049,389	34.58%	12.54%	106.00%	153.12%	149.15%
2018	1,994,793	1,994,793	483,195	199,479	2,114,869	-802,750	-122,807	-679,943	24.22%	10.00%	106.02%	140.24%	134.08%
2019	1,823,863	1,823,863	441,027	182,360	1,935,211	-734,736	-97,144	-637,592	24.18%	10.00%	106.11%	140.29%	134.96%
2020	1,405,834	1,405,834	385,418	140,575	1,488,883	-609,043	-63,721	-545,322	27.42%	10.00%	105.91%	143.33%	138.80%
2021	1,191,811	1,191,811	313,453	119,217	1,263,319	-504,179	-51,588	-452,591	26.30%	10.00%	106.00%	142.30%	137.97%
2022	1,119,990	1,119,990	223,566	111,960	1,209,790	-425,326	-33,294	-392,032	19.96%	10.00%	108.02%	137.98%	135.01%
2023	987,995	873,525	480,783	87,335	1,089,615	-784,208	-53,819	-730,388	55.04%	10.00%	110.29%	175.33%	169.88%
2024	490,537	127,687	198,120	23,022	654,180	-747,635	-72,241	-675,394	155.16%	18.03%	133.36%	306.55%	291.82%
Total	22,203,323	21,726,003	6,441,438	2,246,354	23,735,802	-10,697,591	-1,101,008	-9,596,583	29.65%	10.34%	106.90%	146.89%	141.93%

Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	3,094,270	3,094,270	758,588	309,427	3,279,926	-1,253,672	-39,386	-1,214,286	24.52%	10.00%	106.00%	140.52%	139.25%
2014	2,951,398	2,951,398	926,597	295,140	3,128,672	-1,399,011	-8,948	-1,390,063	31.40%	10.00%	106.01%	147.41%	147.11%
2015	2,618,652	2,618,652	675,013	271,122	2,775,772	-1,103,254	-415,936	-687,318	25.78%	10.35%	106.00%	142.13%	126.25%
2016	2,388,777	2,388,777	817,308	238,878	2,532,104	-1,199,512	-57,247	-1,142,266	34.21%	10.00%	106.00%	150.21%	147.81%
2017	2,135,403	2,135,403	738,370	267,838	2,263,461	-1,134,266	-84,877	-1,049,389	34.58%	12.54%	106.00%	153.12%	149.15%
2018	1,994,793	1,994,793	515,195	199,479	2,114,869	-834,750	-122,807	-711,943	25.83%	10.00%	106.02%	141.85%	135.69%
2019	1,823,863	1,823,863	440,634	182,360	1,935,211	-734,343	-97,144	-637,200	24.16%	10.00%	106.11%	140.27%	134.94%
2020	1,405,834	1,405,834	385,429	140,600	1,488,883	-609,078	-63,721	-545,358	27.42%	10.00%	105.91%	143.33%	138.80%
2021	1,191,811	1,191,811	309,816	119,217	1,263,319	-500,542	-51,588	-448,954	26.00%	10.00%	106.00%	142.00%	137.67%
2022	1,120,214	998,457	185,564	99,876	1,252,921	-539,904	-33,294	-506,610	18.59%	10.00%	111.85%	140.44%	137.47%
2023	492,888	126,056	29,178	18,238	651,688	-573,049	-53,248	-519,801	23.15%	14.47%	132.22%	169.84%	159.04%
Total	21,217,903	20,729,313	5,781,693	2,142,176	22,686,826	-9,881,381	-1,028,195	-8,853,186	27.89%	10.33%	106.92%	145.14%	140.29%

Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0	0	0
2018	0	0	-32,000	0	0	32,000	0	32,000	0	0	0	0	0
2019	0	0	392	0	0	-392	0	-392	0	0	0	0	0
2020	0	0	-11	-25	0	36	0	36	0	0	0	0	0
2021	0	0	3,637	0	0	-3,637	0	-3,637	0	0	0	0	0
2022	-224	121,534	38,002	12,084	-43,130	114,578	0	114,578	0	0	0	0	0
2023	495,107	747,469	451,605	69,096	437,926	-211,159	-571	-210,588	0	0	0	0	0
2024	490,537	127,687	198,120	23,022	654,180	-747,635	-72,241	-675,394	0	0	0	0	0
Total	985,420	996,690	659,746	104,178	1,048,976	-816,210	-72,813	-743,397	0	0	0	0	0

Note: This is not a Member Participation Report. See User's Guide for Adjustments under Miscellaneous Income and Expense.

HAWAII CPAI Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

Policy Year	INCURRED LOSSES			LOSS ADJUSTMENT EXPENSE		OTHER UNDERWRITING EXPENSES				MISCELLANEOUS INCOME AND EXPENSE			
	Paid Losses	Reserves	IBNR	ULAE	Incurred ALAE	Operating Service Fees	CPAI Charge-offs	Commission	Premium Deficiency Reserve	Investment Income	Charge-Offs	Misc Expenses	Other Misc Income
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	758,588	0	0	0	0	185,656	3,094,270	0	0	432	1,728	154,345	195,026
2014	926,597	0	0	0	0	177,084	2,951,588	0	0	833	271	199,160	207,546
2015	675,013	0	0	0	0	157,119	2,618,652	0	0	1,857	96	259,768	673,943
2016	817,308	0	0	0	0	143,327	2,388,777	0	0	12,671	179	117,092	161,847
2017	738,370	0	0	0	0	128,124	2,135,337	0	0	23,821	121	92,907	154,084
2018	483,195	0	0	0	0	119,688	1,995,181	0	0	57,879	71	94,719	159,719
2019	441,027	0	0	0	0	109,432	1,825,780	0	0	57,572	46	96,720	136,338
2020	385,608	0	-190	0	0	84,350	1,404,533	0	0	7,618	101	148,488	204,692
2021	272,690	40,351	413	0	0	71,509	1,191,811	0	0	118	121	81,209	132,800
2022	135,082	83,531	4,953	0	0	89,800	1,119,990	0	0	16,003	25	94,357	111,673
2023	95,747	286,604	98,432	0	0	59,280	987,995	0	42,340	37,552	48	66,848	83,163
2024	0	59,242	138,878	0	0	29,432	490,537	0	134,211	25,705	1	75,374	121,911
Total	5,729,225	469,728	242,485	0	0	1,354,800	22,204,451	0	176,551	242,061	2,807	1,480,986	2,342,740
Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	758,588	0	0	0	0	185,656	3,094,270	0	0	432	1,728	154,345	195,026
2014	926,597	0	0	0	0	177,084	2,951,588	0	0	833	271	199,160	207,546
2015	675,013	0	0	0	0	157,119	2,618,652	0	0	1,857	96	259,768	673,943
2016	817,308	0	0	0	0	143,327	2,388,777	0	0	12,671	179	117,092	161,847
2017	738,370	0	0	0	0	128,124	2,135,337	0	0	23,821	121	92,907	154,084
2018	483,195	32,000	0	0	0	119,688	1,995,181	0	0	57,879	71	94,719	159,719
2019	441,027	0	-392	0	0	109,432	1,825,780	0	0	57,572	46	96,720	136,338
2020	375,920	9,288	222	0	0	84,350	1,404,533	0	0	7,618	101	148,488	204,692
2021	232,942	70,313	6,562	0	0	71,509	1,191,811	0	0	118	121	81,209	132,800
2022	79,995	83,700	21,869	0	0	89,813	1,120,214	0	42,893	16,003	25	94,357	111,673
2023	6,377	1,995	20,806	0	0	29,573	492,888	0	129,227	17,692	48	47,560	83,163
Total	5,535,331	197,295	49,067	0	0	1,295,675	21,219,031	0	172,120	196,496	2,806	1,386,324	2,220,829
Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0	0	0	0
2018	0	-32,000	0	0	0	0	0	0	0	0	0	0	0
2019	0	0	392	0	0	0	0	0	0	0	0	0	0
2020	9,688	-9,288	-412	0	0	0	0	0	0	0	0	0	0
2021	39,748	-29,961	-6,149	0	0	0	0	0	0	0	0	0	0
2022	55,087	-169	-16,917	0	0	-13	-224	0	-42,893	0	0	0	0
2023	89,370	284,609	77,626	0	0	29,706	495,107	0	-86,887	19,859	0	19,288	0
2024	0	59,242	138,878	0	0	29,432	490,537	0	134,211	25,705	1	75,374	121,911
Total	193,894	272,433	193,419	0	0	59,125	985,420	0	4,431	45,564	1	94,662	121,911

The Supplemental Fee, if any, is included with Administration Fees. See User's Guide for further information, and an explanation, for adjustments under Miscellaneous Income and Expense.

HAWAII COMMERCIAL Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

	A	B	C	D	E	F	G	H	I	J	K	L	M
			Losses			B-C-D-E		F-G	C/B	D/B	E/A	I+J+K	L+(G/A)
Policy Year	Premium Written	Premium Earned	Incurred Including IBNR	Claim Service Fees	Other Underwriting Expenses	Net Underwriting Results	Net Misc. Income & Expense	Net Result of Operations	Incurred Losses	LAE Incurred	Other U/W Exp	Net U/W Result	Net Operating Result
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	1,870,239	1,870,239	524,780	188,119	280,056	877,283	-32,501	909,784	28.06%	10.06%	14.97%	53.09%	51.35%
2014	2,223,640	2,223,640	729,888	219,850	328,411	945,491	23,782	921,710	32.82%	9.89%	14.77%	57.48%	58.55%
2015	2,637,269	2,637,269	1,502,060	279,773	395,860	459,576	-595,621	1,055,197	56.96%	10.61%	15.01%	82.58%	60.00%
2016	3,252,937	3,252,937	1,462,305	321,026	488,003	981,603	-66,797	1,048,400	44.95%	9.87%	15.00%	69.82%	67.77%
2017	3,584,045	3,584,045	3,405,066	428,017	537,554	-786,592	-72,614	-713,978	95.01%	11.94%	15.00%	121.95%	119.92%
2018	3,228,757	3,228,757	1,097,132	311,407	484,264	1,335,954	-125,697	1,461,652	33.98%	9.64%	15.00%	58.62%	54.73%
2019	2,697,936	2,697,936	1,702,720	269,726	404,690	320,800	-139,983	460,783	63.11%	10.00%	15.00%	88.11%	82.92%
2020	1,830,297	1,830,297	672,035	176,235	274,581	707,446	56,574	650,872	36.72%	9.63%	15.00%	61.35%	64.44%
2021	2,293,379	2,293,379	1,236,317	221,035	344,007	492,019	-61,862	553,882	53.91%	9.64%	15.00%	78.55%	75.85%
2022	2,019,579	2,019,579	1,125,488	201,932	303,003	389,157	-91,332	480,489	55.73%	10.00%	15.00%	80.73%	76.21%
2023	1,894,715	1,762,058	855,281	177,717	284,276	444,783	-237,590	682,373	48.54%	10.09%	15.00%	73.63%	61.09%
2024	541,056	153,157	222,438	26,903	81,158	-177,342	-133,825	-43,517	145.24%	17.57%	15.00%	177.81%	153.08%
Total	28,073,849	27,553,292	14,535,511	2,821,738	4,205,864	5,990,179	-1,477,467	7,467,645	52.75%	10.24%	14.98%	77.97%	72.71%
Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	1,870,239	1,870,239	524,780	188,119	280,056	877,283	-32,501	909,784	28.06%	10.06%	14.97%	53.09%	51.35%
2014	2,223,640	2,223,640	730,163	219,850	328,411	945,216	23,782	921,435	32.84%	9.89%	14.77%	57.50%	58.57%
2015	2,637,269	2,637,269	1,502,060	279,773	395,860	459,576	-595,621	1,055,197	56.96%	10.61%	15.01%	82.58%	60.00%
2016	3,252,937	3,252,937	1,462,305	321,026	488,003	981,603	-66,797	1,048,400	44.95%	9.87%	15.00%	69.82%	67.77%
2017	3,584,045	3,584,045	3,350,066	428,017	537,554	-731,592	-72,614	-658,978	93.47%	11.94%	15.00%	120.41%	118.38%
2018	3,228,757	3,228,757	1,140,836	311,407	484,264	1,292,250	-125,697	1,417,947	35.33%	9.64%	15.00%	59.97%	56.08%
2019	2,697,936	2,697,936	1,696,542	267,226	404,690	329,478	-139,983	469,461	62.88%	9.90%	15.00%	87.78%	82.59%
2020	1,830,297	1,830,297	643,063	176,280	274,581	736,373	56,574	679,799	35.13%	9.63%	15.00%	59.76%	62.85%
2021	2,293,379	2,293,379	1,308,921	221,035	344,007	419,416	-61,862	481,278	57.07%	9.64%	15.00%	81.71%	79.01%
2022	2,023,512	1,845,039	900,542	184,507	303,527	456,463	-91,666	548,129	48.81%	10.00%	15.00%	73.81%	69.28%
2023	1,157,687	253,482	358,232	37,261	173,653	-315,664	-202,952	-112,712	141.32%	14.70%	15.00%	171.02%	153.49%
Total	26,799,697	25,717,019	13,617,510	2,634,500	4,014,607	5,450,402	-1,309,338	6,759,739	52.95%	10.24%	14.98%	78.17%	73.28%
Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0					
2014	0	0	-275	0	0	275	0	275					
2015	0	0	0	0	0	0	0	0					
2016	0	0	0	0	0	0	0	0					
2017	0	0	55,000	0	0	-55,000	0	-55,000					
2018	0	0	-43,704	0	0	43,704	0	43,704					
2019	0	0	6,178	2,500	0	-8,678	0	-8,678					
2020	0	0	28,972	-45	0	-28,927	0	-28,927					
2021	0	0	-72,603	0	0	72,603	0	72,603					
2022	-3,933	174,541	224,945	17,425	-524	-67,306	334	-67,640					
2023	737,028	1,508,576	497,050	140,456	110,623	760,448	-34,638	795,085					
2024	541,056	153,157	222,438	26,903	81,158	-177,342	-133,825	-43,517					
Total	1,274,151	1,836,274	918,000	187,239	191,257	539,777	-168,129	707,906					

Note: This is not a Member Participation Report. See User's Guide for Adjustments under Miscellaneous Income and Expense.

HAWAII COMMERCIAL Financial Data as of 2nd Calendar Quarter 2024

ALL COMPANIES COMBINED

Policy Year	INCURRED LOSSES			LOSS ADJUSTMENT EXPENSE		OTHER UNDERWRITING EXPENSES				MISCELLANEOUS INCOME AND EXPENSE			
	Paid Losses	Reserves	IBNR	ULAE	Incurred ALAE	Operating Service Fees	CPAI Charge-offs	Commission	Premium Deficiency Reserve	Investment Income	Charge-Offs	Misc Expenses	Other Misc Income
Experience by Active Policy Year Through 2nd Calendar Quarter 2024													
2013	524,780	0	0	0	0	187,024	0	93,032	0	261	2,255	93,101	127,596
2014	729,888	0	0	0	0	222,364	0	106,047	0	730	3,080	155,225	133,794
2015	1,502,060	0	0	0	0	263,727	0	132,133	0	4,347	5,325	247,243	843,841
2016	1,462,305	0	0	0	0	325,294	0	162,710	0	16,943	5,824	153,470	209,149
2017	3,305,066	100,000	0	0	0	358,405	0	179,150	0	38,197	1,680	154,517	190,614
2018	1,097,132	0	0	0	0	322,876	0	161,389	0	88,810	1,098	144,072	182,058
2019	1,685,302	17,417	0	0	0	269,794	0	134,897	0	83,148	8,262	138,088	203,184
2020	675,623	-4,992	1,405	0	0	183,030	0	91,551	0	9,066	468	177,910	112,739
2021	1,125,051	100,077	11,189	0	0	229,338	0	114,669	0	220	1,809	151,079	214,531
2022	1,074,676	15,624	35,188	0	0	201,958	0	101,045	0	28,085	1,345	171,508	236,100
2023	435,334	55,737	364,211	0	0	189,472	0	94,804	0	67,068	1,172	95,913	267,607
2024	34,423	22,048	165,967	0	0	54,106	0	27,053	0	25,210	649	81,061	190,326
Total	13,651,639	305,911	577,960	0	0	2,807,385	0	1,398,479	0	362,084	32,967	1,763,189	2,911,538
Experience by Active Policy Year Through 2nd Calendar Quarter 2023													
2013	524,780	0	0	0	0	187,024	0	93,032	0	261	2,255	93,101	127,596
2014	730,163	0	0	0	0	222,364	0	106,047	0	730	3,080	155,225	133,794
2015	1,502,060	0	0	0	0	263,727	0	132,133	0	4,347	5,325	247,243	843,841
2016	1,462,305	0	0	0	0	325,294	0	162,710	0	16,943	5,824	153,470	209,149
2017	3,305,066	45,000	0	0	0	358,405	0	179,150	0	38,197	1,680	154,517	190,614
2018	1,097,132	43,704	0	0	0	322,876	0	161,389	0	88,810	1,098	144,072	182,058
2019	1,340,302	355,393	847	0	0	269,794	0	134,897	0	83,148	8,262	138,088	203,184
2020	645,623	-15,338	12,778	0	0	183,030	0	91,551	0	9,066	468	177,910	112,739
2021	1,108,681	141,121	59,118	0	0	229,338	0	114,669	0	220	1,809	151,079	214,531
2022	465,285	158,177	277,080	0	0	202,351	0	101,176	0	28,085	1,011	171,508	236,100
2023	1,886	34,942	321,404	0	0	115,769	0	57,884	0	39,815	353	104,117	267,607
Total	12,183,283	763,000	671,227	0	0	2,679,970	0	1,334,637	0	309,622	31,165	1,690,331	2,721,212
Change in Experience by Active Policy Years from 2nd Calendar Quarter 2023 Through 2nd Calendar Quarter 2024													
2013	0	0	0	0	0	0	0	0	0	0	0	0	0
2014	-275	0	0	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0	0	0	0
2017	0	55,000	0	0	0	0	0	0	0	0	0	0	0
2018	0	-43,704	0	0	0	0	0	0	0	0	0	0	0
2019	345,000	-337,975	-847	0	0	0	0	0	0	0	0	0	0
2020	30,000	10,346	-11,374	0	0	0	0	0	0	0	0	0	0
2021	16,369	-41,044	-47,929	0	0	0	0	0	0	0	0	0	0
2022	609,391	-142,554	-241,891	0	0	-393	0	-130	0	334	0	0	0
2023	433,448	20,795	42,806	0	0	73,703	0	36,920	0	27,253	819	-8,204	0
2024	34,423	22,048	165,967	0	0	54,106	0	27,053	0	25,210	649	81,061	190,326
Total	1,468,356	-457,088	-93,267	0	0	127,415	0	63,842	0	52,463	1,802	72,858	190,326

The Supplemental Fee, if any, is included with Administration Fees. See User's Guide for further information, and an explanation, for adjustments under Miscellaneous Income and Expense.

PRINCIPLES OF OPERATION COMMERCIAL PROVISIONS**Defining the Issue**

On January 1, 2026, AIPSO will replace State Farm as the sole HJUP servicing entity issuing and servicing commercial auto policies. AIPSO, through an agreement with a licensed insurance company, has been approved by the Hawaii Insurance Commissioner to issue and service HJUP commercial auto policies. The Principles of Operation is expanded to introduce the commercial provisions needed to facilitate the transition of AIPSO as the HJUP servicing entity.

The use of an electronic signature (e-signature) software is not supported with the use of the HJUP's electronic application system. HJUP commercial applications are completed, signed by the applicant and the producer, and transmitted to the HJUP. The use of third-party e-signature software by producers to capture a client's electronic signature has gained acceptance as a standard business practice and the use of e-signatures should be considered for use with HJUP commercial applications.

Action Needed

Please review the following information and decide if the proposal is appropriate for the Hawaii Joint Underwriting Plan.

Proposal

We propose the introduction of new commercial provisions that (1) allows AIPSO to assume the role of HJUP servicing entity; and (2) provides the producer with the option to use their e-signature software product to obtain signatures of the applicant during the application process on January 1, 2026.

Impact

Adoption of the proposed amendments will have the following impact:

- Beginning January 1, 2026 AIPSO, through the use of a licensed company, will provide commercial auto insurance services in whose name policies will be written.
- State Farm, the existing HJUP servicing carrier, will cease writing new commercial auto insurance business on December 31, 2025. In-force HJUP policies written by State Farm with effective dates of December 31, 2025 and prior will nonrenew upon expiration.
- AIPSO commercial underwriting unit will provide quoting assistance to producers prior to electronic transmission of a commercial application to the HJUP.
- Applications submitted to the HJUP must be made electronically.
- AIPSO contracted with a qualified claims vendor to handle claims.
- AIPSO will write and service all HJUP commercial insureds on behalf of Plan member companies.
- Simplify and create uniformity with the Plans countrywide when AIPSO becomes the sole servicing entity.
- The use of e-signature software is optional. The producer may continue to submit applications with an original signature.
- If a producer chooses to use their e-signature product, the producer is required to maintain any electronic communication between the producer and the applicant, and any authentication certificates and documents produced by the producer's e-signature software product and produce such documents upon request for inspection when requested,
- There is no change in the HJUP personal auto operations.

AIPSO Systems Impact: No impact on AIPSO systems. This has no impact on EASi or Rating. This proposal has no impact on Galaxy.

Proposed Changes

PRINCIPLES OF OPERATION

COMMERCIAL PROVISIONS

The Commercial Provisions replace the existing commercial provisions, in its entirety. The new Commercial Provisions apply to commercial Residual Bodily Injury, Property Damage, Personal Injury Protection, Uninsured and Underinsured Motorists and Physical Damage Coverages as well as provide the producer with the option to use their e-signature software product to obtain signatures of the applicant during the application process, effective January 1, 2026.

APPLICATIONS AND FORMS

Hawaii Joint Underwriting Plan Name and/or Ownership Change Form (AIP-9533 Rev. 01/26)

The Name and/or Ownership Change Form is introduced and used when (1) combining separate commercial entities with common ownership, (2) changing ownership or (3) merging or consolidating ownership.

Attachments

Exhibit A—Proposed introduction of the new Principles of Operation Commercial Provisions

COMMERCIAL PROVISIONS

Sec. 33. PURPOSES OF THE HAWAII JOINT UNDERWRITING PLAN (HJUP)

The purpose of the HJUP for commercial risks is to make automobile residual bodily injury and property damage and personal injury protection insurance available to eligible commercial automobile risks, registered with the Department of Transportation.

The HJUP shall be available to applicants domiciled in the state. An eligible applicant must be the owner of a motor vehicle(s) that are registered or will be registered in the state within 30 days.

Sec. 34. ELIGIBILITY

A. Applicants Eligible for HJUP

An applicant shall be considered for coverage upon making application in good faith to the HJUP. To be considered in good faith, the applicant must report all information of a material nature required to properly rate the risk and not willfully make incorrect or misleading statements in the commercial application.

B. Risks Eligible for Coverage

1. All applicants shall be eligible for coverage in the HJUP **EXCEPT** for the following types of risks:
 - a. Private passenger nonfleet
 - b. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Recreational trailers and camper bodies
 - (2) Motor Homes
 - (3) Antique Autos
 - c. Named nonowner applicants

Note: Motor homes and antique autos are **not** eligible if they are owned by

- (1) an individual, or
 - (2) a married couple who are residents of the same household, or
 - (3) parties who have entered into a civil union under Hawaii law who are residents of the same household.
2. When one or more vehicles owned by a single entity are to be provided commercial coverage, and the vehicle(s) require a filing or a limit of liability as mandated by federal law, state law, or an ordinance or regulation of a political subdivision, the vehicles owned by such entity can be insured on a HJUP policy.

C. Applicants Not Eligible for HJUP

An applicant shall not be entitled to residual bodily injury, property damage, personal injury protection, and physical damage insurance nor shall any servicing entity be required to afford or continue insurance under the following circumstances:

1. if any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license or fails to obtain such license as required by law, or
2. if the applicant fails to meet all obligations to pay insurance premiums due within the past 36 months, or
3. if the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest, none of such entities shall be eligible for insurance under the HJUP if any of such entities has failed to meet its premium obligations as outlined above. If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all related entities shall be considered as under the same majority ownership, or
4. if the insured has failed to obtain a producer.

Sec. 35. REELIGIBILITY

Any applicant denied insurance under Section 34 or cancelled under Section 41 may reapply to the HJUP as soon as the cause of ineligibility is removed. If reapplication is made, a new application shall be forwarded to the HJUP along with the appropriate premium deposit and ~~required~~ supporting documentation.

~~A.~~ Applicants cancelled by the servicing entity may reapply at any time provided no earned premium is owed to the previous servicing entity.

Exception: An applicant cancelled by the servicing entity for not being in good faith is not eligible to reapply to the HJUP for 12 months after the effective date of cancellation.

Sec. 36. RESERVED FOR FUTURE USE

Sec. 37. EXTENT OF COVERAGE

A. Coverages and Limits

1. Residual Bodily Injury, Property Damage, and Personal Injury Protection Coverages
 - a. The servicing entity shall be required to write a policy for basic limits of \$40,000/80,000 residual bodily injury and \$20,000 property damage.
 - b. An insured eligible for coverage under the HJUP may, at their option, also purchase

additional coverage to be written in the same policy as the liability coverages for

- (1) limits in excess of the basic limits only when the said basic limits are written through the HJUP;
- (2) liability limits adequate to comply with the provisions of the financial responsibility law of any state in which the motor vehicle will be operated, but applicable only while the motor vehicle is being operated in that state/province;
- (3) in no event shall the servicing entity be required to write limits in excess of the limits defined in this section unless required by law or contractually by a governmental agency.

Refer to Rule 2 in the Manual of Rules and Rates for additional coverage in excess of the limits defined in this Manual where required by law or contractually by a governmental agency.

- (4) liability limits at the following optional limits:

At the request of the applicant or insured, the following residual bodily injury liability limits shall be available:

Optional Residual BI Limits

- \$ 50,000/100,000
- 100,000/200,000
- 100,000/300,000
- 100,000/500,000*
- 100,000/1,000,000*
- 250,000/750,000*
- 300,000/300,000*
- 300,000/600,000*

*where required by law or contractually by a governmental agency

At the request of the applicant or insured, the following property damage liability limits shall be available:

Optional PD Limits

- \$ 30,000
- 50,000*
- 250,000*

*where required by law or contractually by a governmental agency

- (5) uninsured motorists coverage is afforded on a stacked basis at the limits of liability specified in the applicable rules and rates;

An insured has the option, in writing, to reject uninsured motorists coverage or stacked uninsured motorists coverage or limits equal to the residual bodily injury liability limits and select lower

limits, but not less than the financial responsibility limits;

- (6) underinsured motorists coverage is afforded on a stacked basis at the standard limits of liability specified in the applicable rules and rates;

An insured has the option, in writing, to reject underinsured motorists coverage or stacked underinsured motorists coverage or limits equal to the residual bodily injury liability limits and select lower limits, but not less than the financial responsibility limits;

- (7) personal injury protection coverage at an aggregate limit of \$10,000 per person. The following optional deductibles are available: \$100, \$300, \$500, and \$1,000.

Personal injury protection coverage shall be available to an applicant, but only in conjunction with the same policy written in accordance with the HJUP affording residual bodily injury and property damage coverage.

2. Physical Damage Coverage

1. For automobiles eligible for physical damage coverage, the servicing entity shall write comprehensive and collision coverages on an Actual Cash Value basis, subject to the following optional deductible amounts applicable to each loss as to each automobile:

Comprehensive	Collision
Full	
\$ 50	\$ 50
100	100
250	250
500	500
1,000	1,000
1,500	1,500
2,000	2,000

2. Physical damage coverage shall be available to an applicant, but only in conjunction with the same policy written in accordance with the HJUP affording residual bodily injury and property damage and personal injury protection coverages.

3. At the request of the applicant, a standard loss payable clause for the benefit of a lienholder shall be included in the policy.

B. Standard Policy Coverage

1. Commercial Auto Policy

Commercial risks shall be provided coverage, equivalent to the coverage of the Edition of the ISO Commercial Auto Coverage Part Program and ISO and Joint Underwriting Plan endorsements which have been approved by the

Hawaii Insurance Division for use with the HJUP business.

2. Filing of Policy and Endorsement Forms

Any required filing of policy or endorsement forms shall be made on behalf of the HJUP by AIPSO.

Sec. 38. PREMIUM DEPOSIT REQUIREMENTS AND PAYMENT OPTIONS

The premium deposit requirements and payment options listed below are applicable to new business and renewals.

A. Premium Payment Options Available

Upon receipt of the quote from AIPSO Insurance Operations (AIO) commercial underwriting by the producer as described in Section 39, the applicant will have the following premium payment requirements options to choose from:

1. The full annual estimated premium option, or
2. An installment premium payment option

B. Full Annual Premium Option

If the applicant elects to pay the quoted premium in full, the printed application for insurance under the HJUP must be submitted to the servicing entity on a prescribed form accompanied by the full gross annual premium along with the Quote and Rating Worksheet and the supporting documentation.

C. Installment Premium Payment Option

Note: The installment premium payment option is not available if any portion of the annual premium is financed by a premium finance company.

1. Deposit

A deposit of 40% of the total estimated annual premium must accompany a new application or be submitted to the servicing entity as the initial payment on renewal policies. (There is no installment charge on the deposit premium for either new applications or renewal policies.)

2. Installments

The first installment bill will show the current annual premium plus the total installment charge minus the deposit. Each installment bill shall display the status of the account and is to be sent to the insured with a copy to the producer.

Each installment will consist of one-fifth of the remainder of the premium plus an installment charge of \$4 on each installment.

- a. 1st installment—2 months after the effective date of the policy

- b. 2nd installment—3 months after the effective date of the policy
- c. 3rd installment—4 months after the effective date of the policy
- d. 4th installment—5 months after the effective date of the policy
- e. 5th installment—6 months after the effective date of the policy

If the insured elects to pay the outstanding balance, the installment charge for the current bill will apply.

3. Additional Premium—Changes

Additional premium resulting from changes to the policy may be spread over the remaining installments or may be billed as a separate transaction.

When any additional premium is developed the total additional premium will be billed within 30 calendar days from determination of the additional premium due, or the next premium installment billing date, whichever occurs first. The premium payment due date must not exceed 30 calendar days from the premium billing date.

4. Return Premium—Changes

Return premium resulting from changes to the policy may be used to reduce the outstanding balance. If the outstanding balance is eliminated, any amount remaining will be returned. If an outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly.

D. Premium Financed Policies

If the premium is financed, the payment to the servicing entity shall be accompanied by a copy of the financing agreement.

E. Deposit, Installment, or Additional Premium Payments

All deposit, installment, and additional premium payments shall be submitted gross.

The deposit shall be in the form of a certified check, cashier's check, or money order payable to the Hawaii Joint Underwriting Plan or the servicing entity.

Additional premium payments shall be in the form of a certified check, cashier's check, or money order payable the servicing entity.

A finance company check submitted as premium payment shall be made payable to the servicing entity.

If the deposit premium is inadequate or the policy develops an additional premium, the servicing entity shall bill for the deficiency within 30 days from the determination of the additional premium due or in the next premium installment whichever occurs first. Credits may be applied to the remaining

balance due to be refunded if the outstanding balance is eliminated.

F. Dishonored Producer Checks

Dishonored producer checks shall be reported to the HJUP.

G. Premium Owed for Prior Insurance

If an applicant is assigned or reassigned to a servicing entity and the applicant owes a servicing entity earned premium for prior HJUP coverage, the servicing entity shall have the right to proceed as follows:

1. If the reassigned applicant's deposit premium is sufficient to resolve the outstanding earned premium due for prior coverage, the servicing entity shall apply the deposit to the outstanding earned premium due and bill the applicant as if the remaining deposit premium was insufficient. The servicing entity shall allow the applicant at least 15 calendar days to pay the remainder of the deposit premium due.
2. If the reassigned applicant's deposit premium is insufficient to resolve the outstanding earned premium due for prior coverage and the applicant was properly notified of such outstanding premium, the servicing entity shall apply the entire deposit premium to the outstanding balance for prior coverage. The servicing entity shall return the new application to the HJUP as ineligible. The HJUP shall return the application to the producer as ineligible.

NOTES: 1. A premium finance check cannot be deducted for an outstanding prior balance.

2. If the applicant can furnish documentation that the outstanding earned premium in question is the subject of a formal complaint to the Hawaii Division of Insurance or an open appeal, the servicing entity shall not apply the applicant's deposit premium to resolve the outstanding premium balance from prior coverage. Documentation must be provided at the time of application. The applicant shall be provided coverage in accordance with Section 39. The premium dispute shall be resolved in accordance with the HJUP appeal provisions.

Sec. 39. APPLICATION FOR COVERAGE AND DETERMINATION OF EFFECTIVE DATE

A. General Information

The producer must electronically transmit commercial applications to the HJUP using the online process for electronic application submission authorized by the HJUP. The electronic application

submission process offers online completion of the application form and electronically transmits the application to the HJUP.

All applications must be submitted to the servicing entity on a prescribed form after an application is transmitted using the electronic application submission procedures and be accompanied by the prescribed new business premium deposit and the Quote and Rating Worksheet.

The producer may not transmit the application electronically until the application for coverage has been completed and the deposit has been received.

The producer shall maintain appropriate records of all risks submitted to the HJUP, including any electronic communication between the applicant and the producer to acquire signatures and any authentication certificates and documents produced by the producer's electronic signature software product.

B. Electronic Application Submission

All commercial applications **must** be completed using the electronic application submission procedures.

Prior to accessing electronic application submission, each producer must be registered with the HJUP in accordance with the procedure outlined in "Producers Doing Business with HJUP".

In no event shall coverage be effective

1. prior to the time shown on the application;
2. prior to the time shown on the Evidence of Insurance and Requested Effective Date of Coverage section of the application;
3. unless the application includes the signatures of the applicant and the producer;
4. unless the required deposit is submitted with the application.

Coverage will be effective only when the electronic application is transmitted under the procedures established and authorized by the HJUP and the completed application is received by the servicing entity.

The producer **must** utilize the quoting assistance offered. The electronic application data is held only as a pending transaction, and no submission is considered an application for coverage until a duly completed and signed paper application accompanied by the required deposit, the Quote and Rating Worksheet produced by AIPSO Insurance Operations (AIO) commercial underwriting and supporting documentation is transmitted through electronic application submission and received by the HJUP.

C. Electronic Application Submission Procedure and Quoting Assistance

The completed electronic application generated from electronic application submission must be

printed, signed, and submitted to the servicing entity in accordance with the following:

The producer shall indicate the date and time when coverage is required. The coverages and limits applied for shall be effective at the time the application is completed and executed, provided all of the following requirements are met:

1. Once the producer has entered all the commercial application information electronically, and requests assistance in quoting, the producer will save the application data and proceed as follows:

- a. Producers must complete a request for quoting assistance and submit the request along with all the applicable supporting documentation to AIO commercial underwriting for a response no later than 10 days from the date of the request.

Note: Producers cannot bind coverage until receipt of a Quote and Rating Worksheet from AIO commercial underwriting.

- b. AIO commercial underwriting has 10 days from the date of the request to provide the written quote to the producer and applicant by email, provided all pertinent underwriting information is received. AIO commercial underwriting will review the request and the applicable documents. If the information is incomplete, AIO commercial underwriting will request the missing information.
- c. Upon receipt of the quote from AIO commercial underwriting the producer will enter the quoting information into the saved electronic application.

Note: All quotes sent to the producer and applicant will expire 30 days from the date prepared.

2. The producer and the applicant shall certify on the application the date (day, month, and year) and time (hour, A.M. or P.M.) that the application was transmitted. The date of receipt of the paper application by IC International shall be established by the date and time the application is electronically transmitted by the producer.
3. The producer will mail a copy of the completed application generated by electronic application submission, deposit premium, the Quote and Rating Worksheet, and supporting documentation to IC International at the following address:

Commercial HJUP
c/o IC International
828 Fort Street Mall, Suite 200
Honolulu, HI 96813

4. The application generated by electronic application submission, deposit premium, the Quote

and Rating Worksheet and supporting documentation must be express mailed by IC International and received by the servicing entity no later than 15 calendar days following the date of transmittal of the application. An application received by the servicing entity on the 15th calendar day shall be considered a timely submission.

5. If the application, deposit premium, Quote and Rating Worksheet, and supporting documentation are received more than 15 calendar days following the date of transmittal of the application, coverage shall be effective in accordance with the following and the HJUP shall charge the producer with a producer performance complaint.

Coverage will become effective on 12:01 A.M. on the day following the date of express mailing of the application, deposit premium, Quote and Rating Worksheet, and supporting documentation to the servicing entity as shown by the postmark on the envelope accompanying the application.

D. Retraction Procedure

1. When to Retract an Application

Following issuance of a reference number and prior to the forwarding of a completed signed application to IC International, the producer may retract a commercial application.

2. Reasons for Retraction of Application

A commercial application may be retracted for any of the following reasons:

- a. the applicant has notified the producer that coverage through the HJUP is no longer required.
- b. the producer has made an error in the information provided.
- c. the producer has, in error, requested more than one reference number for the same application.

3. Electronic Retraction Process by the Producer

The producer shall access electronic application submission and use the online electronic retraction process to retract an application. The retraction must be transmitted to the HJUP no later than one working day after the application is transmitted.

The producer is not required to submit a copy of the retracted paper application to the HJUP.

If the retraction is not electronically transmitted within 15 calendar days after the date of issuance of the reference number, the producer to whom the reference number is assigned will receive a producer performance complaint.

4. HJUP Retraction of an Application

If the producer does not retract the application, the HJUP shall retract the application 20 calendar days following the date of transmittal of the application. The HJUP shall notify the applicant and producer that the application has been retracted. The application shall be considered null and void and no coverage is in effect.

E. Alternate Application Submission Procedure

Note: This procedure is only available when electronic application submission is not available for any reason.

Commercial applications should be submitted to the servicing entity utilizing electronic application submission whenever possible by the procedures set forth above.

If it is announced by HJUP or the Hawaii Insurance Division that electronic application submission is not operative or unavailable or if the full annual premium or any portion of the deposit is premium financed, producers may utilize the following process to submit HJUP applications for insurance.

AIPSO, with the approval of the Hawaii Insurance Division will post HJUP insurance application forms as a PDF on the appropriate website (AIPSO/HJUP or the Hawaii Insurance Division's website). Concurrent with that posting, alternate application submission instructions will also be posted. If a producer is not registered with the HJUP to submit applications during this time, they may access the application and bind coverage in accordance with the following provided:

1. The producer is licensed in the state of Hawaii;
2. The Alternate Application Report Form and the PDF application information are completed;
3. A quote is obtained by following the quoting assistance process prescribed in Section 39;
4. Payment is made by the applicant and the completed application is signed by the applicant and producer; and
5. The producer agrees that either the EIN, if an agency, or SSN, if an individual, will be provided to the HJUP upon request.

The application and payment, along with the list of documents provided below, are mailed or express mailed to the HJUP no more than 3 business days after the completion of the above.

For an application to be considered complete, copies of the following documents must accompany the application and payment:

- Quote and Rating Worksheet
- Current, valid vehicle registration for each vehicle listed on the application
- Current, valid driver's license for each operator listed on the application

- Uninsured and Underinsured Motorists Coverage—Commercial Auto Form (AIP 9502)
- Copies of Loss Runs
- Copies of MVRs or Court Connect Report
- Supplemental Vehicle Schedule, if applicable
- Supplemental Operator Schedule, if applicable
- Copy of Premium Finance agreement, if applicable

If electronic application submission becomes available within this period, the producer is encouraged to submit the application electronically to the HJUP as described above.

F. Financial Responsibility (SR-22) Certificates

If the risk is eligible for coverage in the HJUP and the individual, married couple, or parties who have entered into a civil union under Hawaii law require a financial responsibility certificate (SR-22), the servicing entity will issue the certificate and file with the proper authority. Such certificate shall become effective as of the effective date of coverage.

G. Additional Vehicles or Coverages

1. If additional coverages are requested during the policy period or coverage for an additional or replacement vehicle is requested, a completed approved Policy Change Request form shall be submitted directly to the servicing entity no later than the first working day after completion.
2. Producers may obtain quoting assistance when completing policy change requests. The producer will submit the Quote and Rating Worksheet, along with required deposit if applicable, directly to the servicing entity.
3. Premium requirements for additional vehicles or coverages include the following:
 - a. The Policy Change Request form shall be accompanied by a check or money order payable to the servicing entity for an amount equal to 30% of the annual premium or pro rata premium for the remainder of the policy period, whichever is less.

If the Policy Change Request form is submitted electronically, any additional premium is forwarded to the servicing entity no later than the first working day after electronic transmittal of the Policy Change Request form. If additional premium is not received by the servicing entity within 10 working days, a claim may be filed in accordance with Section 46.
 - b. The balance of the additional premium shall be payable in accordance with the provisions of Section 38.

- c. All premium payments for additional vehicles or coverages shall be submitted on a gross basis.
 4. Except as otherwise provided in the policy contract, coverage will be effective at the date and hour specified in the Policy Change Request form provided all of the following requirements are met:
 - a. The producer and applicant certify the date and hour of completion of the Policy Change Request form.
 - b. The producer forwards the completed Policy Change Request form to the servicing entity no later than the first working day after the Policy Change Form is completed.
 - c. The United States Postal Service postmark date on the transmittal envelope verifies that the policy change form was forwarded to the servicing carrier no later than the first working day after the form was completed.
 - d. If the completed Policy Change Request form is electronically transmitted to the servicing entity via facsimile ("fax") or e-mail, the Policy Change Request form is forwarded to the servicing entity no later than the first working day after the Policy Change Request form is completed as shown by the date of the electronic transmission.
 5. If policy change request is not forwarded to the servicing carrier within the first working day after the form is completed, the effective date of coverage shall be determined as follows:
 - a. If the transmittal envelope bears a legible postmark affixed by the United States Postal Service, coverage shall be effective at 12:01 A.M. on the day following the date the Policy Change Request form is mailed to the servicing carrier.
 - b. If the transmittal envelope does not bear a legible postmark affixed by the United States Postal Service, or if the envelope is stamped by a postage meter, electronic stamp, or other postage service or stamp, coverage shall be made effective at 12:01 A.M. on the day the Policy Change Request form is received by the servicing entity.
 - c. If the Policy Change Request form is delivered to the servicing entity by any means other than the United States Postal Service (including delivery by means of overnight mail, courier, or other delivery service), coverage shall be made effective at 12:01 A.M. on the day following receipt by the servicing entity.
 - d. If the Policy Change Request form is transmitted to the servicing carrier electronically, coverage shall be made effective at 12:01 A.M. on the day following receipt of electronic transmission by the servicing entity.
 6. In no event shall any change in coverage be effective prior to the date and hour of completion of the Policy Change Request form except as provided for by the provisions of the policy contract.
 7. If the application has been submitted to the HJUP and the producer has not yet been notified of the service provider, the Policy Change Request form and premium payment shall be forwarded to the HJUP no later than the first working day after completion.
 8. The producer shall maintain appropriate records for all risks submitted to the HJUP, including any electronic communication between the applicant and the producer and any authentication certificates and documents produced by the producer's electronic signature software product. The producer agrees to permit inspection or photocopying of such office records by the HJUP or by a servicing entity representative.
- G. Reduction or Elimination of Coverage**
- If a reduction or elimination of coverage is requested during the policy period, a completed Policy Change Request form must be signed by the insured and submitted to the servicing entity.
- H. Incomplete Applications**
- Applications shall be accepted by the HJUP and processed by the servicing entity if the HJUP provision requirements shown in Sections 38 and 39 are reasonably complied with, except:
1. If the completed application and required deposit are not received by the HJUP within 20 calendar days from the date of electronic transmission of the application, the HJUP shall notify the producer and applicant in writing that the completed application and deposit have not been received. The application shall be considered null and void and no coverage shall be in effect. The application shall be retracted by the HJUP.
 2. If an application is submitted without a deposit premium, the application shall be returned to the producer and no coverage will be afforded.
- It shall be the responsibility of the HJUP and the servicing entity to communicate clearly to the insured and producer if an application is incomplete and requires correction.

Sec. 41. CANCELLATIONS

- A. If a policy is cancelled either by the servicing entity or by the insured, compute the return premium on a pro rata basis, subject to a minimum premium prescribed in Rule 8 in the Manual of Rules and Rates, whichever is greater, with the balance returned to the insured.

Cancellation shall be effective on the date specified and coverage shall cease on such date.

B. Cancellation by Servicing Entity

1. The servicing entity which has issued a policy under the HJUP shall have the right to cancel the insurance by giving notice as required in the policy if the insured
 - a. is not or ceases to be eligible or in good faith eligible for insurance, or
 - b. has violated any of the terms or conditions upon the basis of which the insurance was issued, or
 - c. has obtained the insurance through fraud or misrepresentation, or
 - d. has failed to pay any premiums due under the policy, or
 - e. has failed to remedy defects in the application, or
 - f. cannot be located by the servicing entity, for purposes of its underwriting review, or has failed to respond to at least two written requests for pertinent underwriting information which would have a direct bearing on the rating of a policy.
2. A copy of the cancellation notice shall be furnished to the producer. A statement of facts in support of each cancellation shall be furnished to the producer and to the insured at least 20 calendar days prior to the effective date of cancellation for nonpayment of premium and 30 days for all other instances.

Cancellation shall be effective on the date specified and coverage shall cease on such date.

At the option of the servicing entity, the non-payment cancellation date may be the equity date computed on the pro rata basis.

No coverage will be effective if the insured's premium remittance accompanying the application is justifiably dishonored by the financial institution.

Nothing herein shall be deemed to affect the servicing entity's right to rescind a policy for fraud, misrepresentation, or if the insured's premium remittance is justifiably dishonored by the financial institution, or to invoke other remedies provided by law.

Sec. 42 COMMISSION

Applicable to New and Renewal Business

- A. Commission is 5% of the written premium for all new business and renewals.
- B. Commission will be paid by the servicing entity either (1) on the full annual premium, or (2) on the basis of premium received by the servicing entity.
- C. Commission will not be paid on installment charges.
- D. The licensed producer may be paid only that portion of the producer's commission which is permissible under the laws of the state in which the risk is rated and domiciled.
- E. In the event of cancellation, a policy change, or a termination resulting in a reduction of premium, compensation will be payable on the earned premium received by the servicing entity.
- F. The servicing entity may defer the payment of compensation until the proper tax identification number is provided by the producer.

Sec. 43. CHANGE OF OWNERSHIP/ TRANSFER OF LOSS EXPERIENCE

All exposures of commonly owned entities, as determined in paragraph B of this Section and insured in the HJUP, should be written on the same policy and combined for rating purposes. All entities of a risk will be combined when determining eligibility for experience rating. All previous experience of a risk will continue in the experience rating, subject to the provisions of paragraphs A, B, and C below:

A. Ownership

The experience for any entity undergoing a change in ownership shall be excluded from future experience ratings only if **each** of the following conditions are met:

1. The change must be a material change such that the entire ownership interest after the change had no ownership interest before the change. A transfer of ownership to a family member (whether natural or by law), a household resident, or a previous owner is not considered a change in ownership.
2. The change in ownership is accompanied by a change in company management. A change in company management is defined as including all of the following, but not limited to, the chairman of the board, president, partners, and other executive officers.

B. Combination of Entities

Entities with a majority (more than 50%) common ownership interest will be combined for rating.

1. Determination of majority ownership is based on the following:
 - a. Majority of issued voting stock

- b. Majority of the members if no voting stock is issued
- c. Majority of the board of directors or comparable governing body if a or b above is not applicable
- d. Participation of each general partner in the profits of a partnership

Limited partners are not considered in determining majority interest.

- 2. If the rules above provide for more than one possible combination of entities, the combination involving the most entities shall be made. However, the experience of any entity may be used in only one combination.

C. **Reapplication to the HJUP**

Any change in ownership, including legal status and re-incorporation, necessitates that a new application, with the appropriate deposit, be submitted to the HJUP.

The insured must report any change to the servicing entity, in writing, within 30 days of such change. The type, nature, and details of the change must be provided to the servicing entity, who shall determine eligibility for this change as stated in paragraphs A, B, and C of this Section. The Name and/or Ownership Change form, approved for use in the HJUP, must be fully completed and signed by the insured and include the appropriate information. The Name and/or Ownership Change form is available from the HJUP or servicing entity upon request. The Name and/or Ownership Change form must be fully completed and signed by the insured within 10 days of the date of the request.

Failure of the insured or producer to provide complete information on the approved form may delay a return premium due the insured. Failure of the insured or producer to return the fully completed and signed form, following two written requests by the servicing entity, could result in loss of coverage as stated in the cancellation section.

Sec. 44. MIDTERM PRODUCER CHANGE

Producer changes will be effective only on the renewal date. If requests to change producers are received mid-term, the servicing entity will advise the insured and the new producer in writing.

An insured may request a change of producer by submitting a written request to the servicing entity. The request must be signed by the named insured. If the insured is a corporation or a partnership, the letter must be signed by an officer or a partner.

The letter must be received in the servicing entity's office prior to the renewal date.

The servicing entity will acknowledge receipt of the letter to the insured, new producer, and current producer.

All transactions relating to the current policy period, including audits, will be handled by the current producer.

Sec. 45. PERFORMANCE STANDARDS FOR SERVICING ENTITIES WRITING HAWAII JOINT UNDERWRITING PLAN (HJUP) COMMERCIAL RISKS

A. **Servicing Entity Performance Standards**

The performance standards listed below set forth the specific time periods during which a servicing entity must perform in accordance with the rules of this HJUP.

Any exception to the performance standards must be documented in the servicing entity's files and be available for review and audit.

1. Issuance of Original Policy

Upon receipt of the application, Quote and Rating Worksheet, and the premium or deposit from the HJUP, the servicing entity shall

- a. within two working days following the effective date of coverage or receipt of the assignment notice whichever occurs last, make filings for SR-22 Certificates, provided all information necessary is contained in the application form and the application is accompanied by the appropriate premium deposit.
- b. within 30 calendar days issue a policy if all information necessary for the servicing entity to determine the proper rate is contained on the application form, to become effective in accordance with the provisions of the HJUP.

If the HJUP Manual does not contain applicable rates, the servicing entity must request that AIPSO make the necessary rate filing with the Hawaii Insurance Division. Upon receipt of information necessary for the servicing entity to determine the proper rate or notification of approval of the rate filing, the servicing entity shall issue a policy to become effective in accordance with the provisions of the HJUP.

The day the application and premium or deposit are received by the servicing entity shall be considered the first working day, regardless of the time of receipt.

The producer shall be notified as to the disposition of the assignment.

2. Renewal Policies or Certificates

At least 30 calendar days prior to the inception date of renewals, the servicing entity shall notify the insured that:

- a. a renewal will be issued if the premium is received on or before the inception date, or

- b. if the renewal is to be written with the full annual premium, the renewal premium must be received on or before the inception date of such renewal, or
 - c. if the renewal is to be written with the installment premium payment option, the deposit premium (40% of the total annual premium subject to a minimum of \$250, whichever is greater) must be received by the servicing entity on or before the inception date of such renewal, or
 - d. a renewal will not be issued if the insured is not eligible for insurance under the HJUP.
3. Endorsements
Endorsements shall be issued within 30 days by the servicing entity.
 4. Return Premiums
The servicing entity shall mail premium check within 30 days of the receipt of a request for either cancellation or an endorsement resulting in a return premium.
 5. Premium Billing
All billing and payment guidelines are to be consistent with the provisions outlined in the HJUP.

For policies that develop an additional premium, the total additional premium must be billed within 30 days from determination of the additional premium due, or the next premium installment billing date, whichever occurs first. The premium payment due date must not exceed 30 days from the premium billing date.
 6. Premium Collection
Servicing entities are to follow present HJUP rules.

The servicing entity will perform all the necessary collection functions to protect the assets of HJUP.

Within seven calendar days following the premium payment due date, the servicing entity shall issue a Notice of Cancellation and cancel all financial responsibility filings if premium payment has not been received. Established collection practices of a servicing entity must include at least two letters requesting immediate payment of the outstanding earned premium balance issued a minimum of 15 calendar days apart with both letters being issued within 45 days following the cancellation effective date.

All net collection expenses incurred by the servicing entity will be borne by the HJUP.

The servicing entity shall develop specific written procedures to satisfy itself that all requirements of the Hawaii Joint Underwriting Plan

Servicing Entity Accounting and Statistical Requirements Manual are met and complied with. (See Section A, Chapter 1). These procedures will be reviewed during the servicing entity compliance audit.

7. Compensation

Compensation shall be paid no less frequently than monthly and shall be paid within 15 calendar days after the close of the month in which the commission was credited to the producer's account. The servicing entity must issue a statement and, if applicable, the proper compensation check unless the producer fails to provide their tax identification number.

The servicing entity should take steps to collect unearned producer compensation from the producer.

8. Claim Handling

- a. A servicing entity shall provide policyholders and producers with information on how and where to report claims.

- b. The servicing entity is responsible for handling all claims properly and promptly in accordance with the terms of the contracts of insurance subject to the limits of coverage provided. Where unfair claim practices laws and regulations exist, the servicing entity must comply with such laws and regulations.

- c. A servicing entity must have the ability to service insurance claims in every state, the District of Columbia, and Canada.

- d. Contact (First- and Third-Party Claimants)

Upon receipt of notification of a claim containing sufficient information to identify the insured, claimant, and policy number, the servicing entity must acknowledge receipt of the notice within the applicable state's regulations, including unfair claims practices laws and regulations. If the state has not established time guidelines, the servicing entity must acknowledge receipt of such notice to first-party claimants within 2 working days and third-party claimants within 15 working days and have the date of the acknowledgment documented in the carrier's claim file.

The servicing entity will provide first-party claimants with the necessary forms and instructions to permit compliance with all policy conditions.

- e. Appraisal

Within the applicable state's regulations, including unfair claims practices laws and regulations, an appraisal must be completed for the purpose of determining the cost of repair. If the state has not

established time guidelines, an appraisal, or documented attempts, must be completed within 10 working days from the date of receipt of a specific claim, including damages and location of vehicle, by the servicing entity. If a second inspection is required, the servicing entity will document attempts for scheduling a second appraisal within 2 working days' notice for the need of the second appraisal.

f. Coverage

The servicing entity must verify that the proper coverage was in effect at the time of loss which covers the damages claimed by the first- or third-party claimant.

g. Investigation

The servicing entity must begin an investigation of any claim within 15 working days of receipt of notification of the claim.

The servicing entity must substantially complete an investigation of each claim 30 working days after notification of the claim.

If after 30 working days from notification of the claim the completed investigation is insufficient to properly adjust the claim or the parties cannot agree to settlement, the servicing entity must notify the policyholder, claimant, or authorized representative in accordance with the state's applicable regulations, including unfair claims practices laws and regulations, until the claim is settled or until both parties agree updates are no longer needed. If a state has not established any guidelines on this topic, the servicing entity will advise the claimant, within 30 working days from receipt of proof of loss or settlement material, what outstanding information is required to adjust the claim. The servicing entity will continue to provide this update every 45 working days or until both parties agree updates are no longer needed.

h. Reserving

Reserving practices must be consistent and must comply with the requirements outlined in the Hawaii Joint Underwriting Plan Servicing Entity Accounting and Statistical Requirements Manual.

i. Documentation/File Reporting

A file for each claim must be compiled by the servicing entity's claims staff, and should address coverage, liability, damage investigation, reserves, subrogation potential, and recommendations for future handling.

As claim handling continues, the file should be updated to address reserve adequacy,

strategies, plans for future handling, and resolution.

j. Payment

Payment on all claims must be made within the applicable state regulations, including unfair claims practices laws and regulations. All payments not defined within state regulations or unfair claims practices laws and regulations will be paid within 30 days after receipt of proof of loss, agreed appraisal amount, or written settlement agreement (unless the servicing entity has not completed the investigation necessary to make a decision or the parties cannot agree on settlement). Receipt of these documents does not waive the servicing entity's right to conduct an investigation prior to settlement and/or offer a reasonable settlement based upon the facts.

k. Expenses

All reported allocated loss adjustment expenses must comply with the eligibility requirements outlined in the Hawaii Joint Underwriting Plan Servicing Entity Accounting and Statistical Requirements Manual.

l. Fraud Prevention/Detection

All claims personnel shall receive training in and be aware of potential fraud indicators. The claims professional shall refer a claim for specialized fraud investigation within two working days of a determination of potential fraud. An outline of disputed issues and activities of the investigation will be prepared.

The servicing entity must ensure that its special investigative handling complies with applicable statutes, regulations, and directives.

9. Underwriting/Rating

The servicing entity must

- a. properly price all policies in accordance with the approved rating plans contained in the Manual of Rules and Rates and establish procedures for appropriate and timely verification of policyholders' and operators' driving records and/or obtain other information as necessary to assist in the proper classification and rating of an applicant;
- b. attempt to secure and verify account loss history from the previous company or companies to ensure proper application of any applicable premium surcharge or rating plans;
- c. make, maintain, and cancel all certificates and filings in accordance with applicable governmental agency.

10. Accounting/Statistical and Results Reporting

Servicing entities must

- a. have the ability to carry out all necessary accounting procedures and prepare reports as outlined in the Hawaii Joint Underwriting Plan Servicing Entity Accounting and Statistical Requirements Manual;
- b. have the ability to collect the necessary data to disburse compensation payments to producers and have the ability to store this data and report same to the Internal Revenue Service, annually as required;
- c. select a qualified statistical agent with the ability to report data in accordance with the AIPSO statistical program.

11. Compliance Audits

It is the responsibility of the servicing entity to furnish the appropriate files and records to auditors performing a servicing entity compliance audit. Failure to comply with this requirement will be reported to the Hawaii Insurance Division.

If it is necessary for the auditors to subsequently review files and records not available at the time of the scheduled audit, the additional cost of the audit will be borne by the servicing entity.

In the event the files and records that support a claim are not located by the servicing entity, the auditors will advise the Hawaii Insurance Division of their unavailability. The Hawaii Insurance Division may request that the servicing entity reverse the claim including any loss and expense payments and removal of current and future loss and expense reserves.

B. Procedures for Compliance with the Performance Standards for Servicing Entities

The HJUP shall maintain a record of infractions of performance standards.

1. The producer must forward a copy of the complaint to the servicing entity and to the HJUP.
2. The HJUP may issue a company complaint for noncompliance with servicing entity performance standards.
3. The servicing entity's response shall be reviewed by the HJUP. If the complaint is determined to be invalid, the HJUP shall document the complaint as invalid and notify the producer and servicing entity.
4. If the servicing entity fails to respond to the complaint within 20 calendar days, a follow-up letter will be sent to the servicing entity giving 10 calendar days to respond.
5. If after 10 calendar days the servicing entity does not respond, the HJUP will contact a representative of the servicing entity and notify the producer.

6. If after a representative of the servicing entity is contacted and the matter is not resolved, the files will be turned over to the Hawaii Insurance Division for further action and the producer will be advised of such action.

Sec. 46. PERFORMANCE STANDARDS FOR PRODUCERS WRITING HJUP COMMERCIAL RISKS

By registering and submitting business to the HJUP, a producer agrees to abide by the terms and conditions of the Hawaii statutes and administrative code, these Principles of Operation, and the HJUP Manual of Rules and Rates. It is understood that failure to abide by the procedures contained in these documents might result in a claim against a registered or unregistered producer's E&O coverage or against the individual producer by the HJUP or others involved in adjudication of any resulting claim.

A. Applications

1. Commercial applications must be electronically transmitted to the HJUP and forwarded to the servicing entity in accordance with Section 39.
2. All applications must include
 - a. necessary information to rate and write the policy, including the Quote and Rating Worksheet, prepare a bill, and make any required financial responsibility, and
 - b. name, address, and tax identification number of the producer, and
 - c. the full annual premium or deposit premium shall be submitted gross with the application in accordance with Section 38, and
 - d. The producer shall maintain appropriate records of all risks submitted to the HJUP, including any electronic communication between the applicant and the producer to acquire signatures and any authentication certificates and documents produced by the producer's electronic signature software product. The producer agrees to permit inspection or photocopying of their records by the HJUP or a company representative.
3. The producer and the applicant shall certify on the application, the date (day, month and year) and time (hour, A.M. or P.M.) that the electronic application was transmitted.

In no event shall the application effective date be earlier than the date and time of transmission to the HJUP.

B. Policy Change Request

When an insured requests a policy change, the producer must report it to the servicing entity with the required deposit, if necessary, and the

HAWAII JOINT UNDERWRITING PLAN
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(Struck-out matter—deleted; Underlined matter—new)

EXHIBIT A
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necessary information to complete the requested change.

C. **Claims**

When an insured reports an accident or claim to the producer, the producer shall report it to the servicing entity within one working day in accordance with the instructions of the servicing entity.

Secs. 47-49. RESERVED FOR FUTURE USE

Premium at Present Rates Experience Rating Plan

Defining the Issue

Currently, the Hawaii Joint Underwriting Plan's experience rating plan uses the actual collected premium.

Action Needed

Please review the following information and decide if the proposal is appropriate for the Hawaii Joint Underwriting Plan.

Proposal

We propose replacing the current experience rating plan with an experience rating plan that is based on current Plan premiums.

Impact

- The experience rating rule will use current manual premiums at \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limits. This will eliminate the often difficult requirement of determining actual collected premium from prior carriers.
- The premium modifications (decreases/credits or increases/debits) will be more appropriate as the rule will compare current Plan premiums against an insured's loss experience instead of comparing prior Plan premiums or voluntary market premiums against the insured's loss experience.
- Some insureds that are currently eligible for experience rating will no longer be eligible and will be subject to the Additional Charges Rule due to the following new eligibility requirements:
 - The Plan policy must provide liability coverage at limits of \$40,000/80,000/20,000 or higher.
 - At least one of the prior policies must have provided liability coverage at limits of \$40,000/80,000/20,000 or higher.

AIPSO Systems Impact: Coordinate effective date with ISPS. This proposal will have normal impact on Galaxy. We will need to update coverage configuration tables to the new values \$40,000/\$80,000 RBI and \$20,000 PD as base rates. Extent of Coverage Document will also need to be updated. This has no impact on EASi or rating.

Proposed Changes

Rule 54. Experience Rating Plan

This Rule is amended to

- replace the use of actual collected premium with current Plan premiums;
- revise the base limit from \$20,000/40,000 residual bodily injury and \$10,000 property damage to \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limit;
- revise the criteria that insureds must meet in order to be eligible for experience rating;
- clarify and simplify the determination of experience modification procedures;
- introduce an experience rating example and worksheet.

Attachments

Exhibit A—Proposed amendments to Rule 54, the Credibility and Maximum Single Loss Table, and the introduction of Experience Rating Example and Worksheet

This Rule is replaced in its entirety by the following:

Rule 54. EXPERIENCE RATING PLAN

Residual Bodily Injury and Property Damage Liability Coverage Only

This Rule develops a premium credit (reduction) or a premium debit (increase) based on the loss experience of the insured during the experience period specified in paragraph B.

A. Eligibility

1. Experience rating is limited to insureds that meet all of the following criteria:
 - a. The loss experience for the experience period can be obtained from the company that issued the policy(ies) for that period.
 - b. The insured has liability coverage at limits of \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limits or higher.
 - c. The insured develops a credibility factor of at least 0.07 from the tables contained in this Rule.

Determine the credibility factor as follows:

- (1) Determine the detrended premium according to paragraph C.1.
- (2) Refer to the Credibility and Maximum Single Loss Table to determine the credibility factor corresponding to the detrended premium for the experience period.

2. An insured is **not** eligible for experience rating if any of the following apply:
 - a. The insured was self-insured during the experience period.
 - b. All policies included in the experience period were written at liability limits of less than \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limits.
 - c. All policies included in the experience period were written with a deductible, self-insured retention, or similar type plan, applicable to the liability coverage.

B. Experience Period

1. The experience period includes all of the following, if available:
 - a. The policy ending 12 months prior to the current policy (latest full policy year)
 - b. The policy ending 24 months prior to the current policy (second latest full policy year)
 - c. The policy ending 36 months prior to the current policy (third latest full policy year)

2. If three years of loss experience is not available or is excluded by paragraph 5, use at least one full year of losses.
3. Use no more than three years of loss experience.
4. Use only full policy years.
5. Do not use policy years during which the insured had liability coverage at limits less than \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limits or were written with a deductible, self-insured retention, or similar type plan, applicable to the liability coverage.

C. Determination of Experience Modification

1. Premium

Determine the detrended premium as follows for the policy years included in the experience period:

- a. Determine the current annual manual \$40,000/80,000 residual bodily injury and \$20,000 property damage liability premium.
- b. Multiply the premium determined in paragraph a above by the following detrend factors to determine the detrended premium for each policy in the experience period:

Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year
.952	.929	.906

- c. If the actual exposures of the insured have been subject to a dramatic change during or since the experience period due to known factors other than inflation, apply the following procedure to determine the premium.
 - (1) Determine the current annual manual \$40,000/80,000 residual bodily injury and \$20,000 property damage liability premium for the actual historical exposures for each policy of the experience period.
 - (2) Multiply the premium determined in paragraph c.(1) above by the detrend factors in paragraph b to determine the detrended premium for each policy in the experience period.

- d. Add the detrended premium for all policy years included in the experience period to determine the total detrended premium.

2. Losses

- a. Determine the Adjusted Expected Loss Ratio from the Credibility and Maximum Single Loss Table for the total of the detrended premium developed above.

- b. Multiply the detrended premium for each year by the Adjusted Expected Loss Ratio determined in paragraph a to determine the expected losses.
- c. Multiply the expected losses determined in paragraph b by the following loss development factors:

	Second Latest Full Policy Year	Third Latest Full Policy Year
\$40,000/80,000 /20,000	Policy Year	Policy Year
All Risks	.134	.059

- d. Determine the paid and outstanding losses (including allocated claim expense) for the policy years included in the experience period.
 - (1) Limit the indemnity amount to \$40,000/80,000 residual bodily injury and \$20,000 property damage liability limits for any one occurrence.
 - (2) Limit the sum of the indemnity and allocated claim expense resulting from any single occurrence to the maximum single loss specified in the Credibility and Maximum Single Loss Table for the total of the detrended premium developed above.
- e. Determine the total adjusted losses by adding the results of paragraphs c and d.

3. Actual Loss Ratio

Determine the Actual Loss Ratio by dividing the total adjusted losses determined in

paragraph C.2 by the detrended premium determined in paragraph C.1.

4. Experience Modification

- a. If the Actual Loss Ratio is less than the Adjusted Expected Loss Ratio, the experience modification is a credit. Determine as follows:

$$\left(\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

Determine the experience rating factor by subtracting the credit from 1.00.

- b. If the Actual Loss Ratio is greater than the Adjusted Expected Loss Ratio, the experience modification is a debit. Determine as follows:

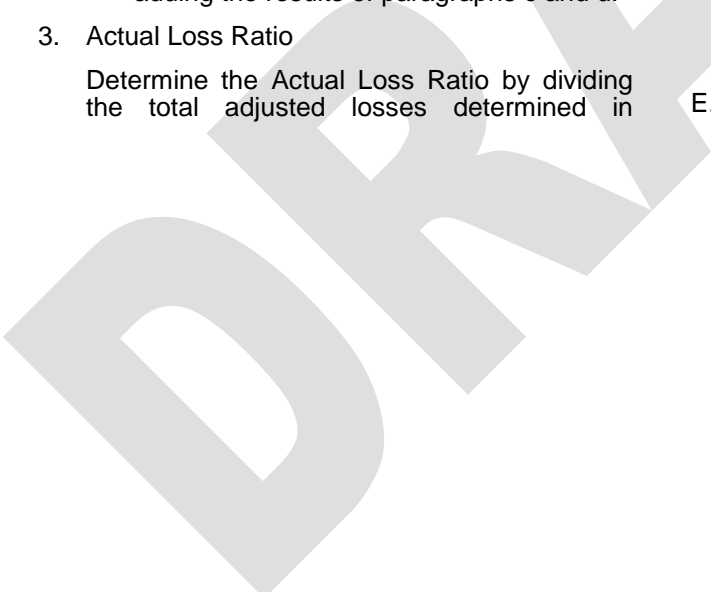
$$\left(\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

Determine the experience rating factor by adding the debit to 1.00.

D. Application

- 1. Apply the experience rating factor to the liability premium.
- 2. Apply the experience modification at policy inception or renewal.
- 3. Do not apply the experience modification midterm.

E. Refer to the rating example and worksheet at the end of this Chapter.



**AUTO LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium		Credibility	Adjusted Expected Loss Ratio	Maximum Single Loss
			All Risks	All Risks
\$ 9,836– 13,912	0.03	0.624	\$61,400	
13,913– 18,073	0.04	0.636	66,300	
18,074– 22,323	0.05	0.642	69,650	
22,324– 26,664	0.06	0.647	72,250	
26,665– 31,099	0.07	0.652	74,450	
31,100– 35,631	0.08	0.654	76,350	
35,632– 40,262	0.09	0.657	78,100	
40,263– 44,999	0.10	0.660	79,700	
45,000– 49,841	0.11	0.662	81,300	
49,842– 54,794	0.12	0.665	82,800	
54,795– 59,862	0.13	0.667	84,300	
59,863– 65,048	0.14	0.668	85,750	
65,049– 70,358	0.15	0.670	87,200	
70,359– 75,793	0.16	0.673	88,700	
75,794– 81,362	0.17	0.674	90,150	
81,363– 87,066	0.18	0.675	91,600	
87,067– 92,912	0.19	0.677	93,100	
92,913– 98,906	0.20	0.679	94,600	
98,907– 105,051	0.21	0.681	96,150	
105,052– 111,356	0.22	0.682	97,700	
111,357– 117,826	0.23	0.683	99,250	
117,827– 124,467	0.24	0.685	100,850	
124,468– 131,286	0.25	0.686	102,500	
131,287– 138,291	0.26	0.688	104,150	
138,292– 145,489	0.27	0.689	105,850	
145,490– 152,888	0.28	0.690	107,600	
152,889– 160,497	0.29	0.691	109,400	
160,498– 168,326	0.30	0.693	111,200	
168,327– 176,383	0.31	0.694	113,050	
176,384– 184,678	0.32	0.695	114,950	
184,679– 193,222	0.33	0.696	116,900	
193,223– 202,029	0.34	0.697	118,950	
202,030– 211,108	0.35	0.699	121,000	
211,109– 220,472	0.36	0.699	123,100	
220,473– 230,138	0.37	0.701	125,250	
230,139– 240,116	0.38	0.702	127,500	
240,117– 250,425	0.39	0.703	129,800	
250,426– 261,080	0.40	0.704	132,200	
261,081– 272,099	0.41	0.704	134,600	
272,100– 283,503	0.42	0.706	137,150	
283,504– 295,309	0.43	0.707	139,750	
295,310– 307,541	0.44	0.707	142,450	
307,542– 320,222	0.45	0.708	145,200	
320,223– 333,377	0.46	0.709	148,050	
333,378– 347,033	0.47	0.710	151,050	
347,034– 361,220	0.48	0.710	154,100	
361,221– 375,967	0.49	0.711	157,300	
375,968– 391,312	0.50	0.712	160,600	
391,313– 407,289	0.51	0.712	164,050	
407,290– 423,938	0.52	0.713	167,600	

**AUTO LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium		Credibility	Adjusted Expected Loss Ratio	Maximum Single Loss
			All Risks	All Risks
\$ 423,939–	441,304	0.53	0.714	\$171,300
441,305–	459,432	0.54	0.715	175,200
459,433–	478,376	0.55	0.715	179,200
478,377–	498,191	0.56	0.716	183,400
498,192–	518,938	0.57	0.716	187,800
518,939–	540,685	0.58	0.717	192,400
540,686–	563,507	0.59	0.717	197,200
563,508–	587,482	0.60	0.717	202,200
587,483–	612,704	0.61	0.718	207,500
612,705–	639,272	0.62	0.719	213,050
639,273–	667,294	0.63	0.719	218,850
667,295–	696,896	0.64	0.720	225,000
696,897–	728,214	0.65	0.720	231,500
728,215–	761,402	0.66	0.720	238,350
761,403–	796,631	0.67	0.720	245,600
796,632–	834,098	0.68	0.720	253,300
834,099–	874,021	0.69	0.721	261,500
874,022–	916,651	0.70	0.721	270,200
916,652–	962,272	0.71	0.722	279,450
962,273–	1,011,213	0.72	0.722	289,400
1,011,214–	1,063,845	0.73	0.722	300,050
1,063,846–	1,120,606	0.74	0.723	311,500
1,120,607–	1,182,001	0.75	0.723	323,800
1,182,002–	1,248,622	0.76	0.723	337,150
1,248,623–	1,321,163	0.77	0.723	351,600
1,321,164–	1,400,452	0.78	0.723	367,350
1,400,453–	1,487,478	0.79	0.723	384,550
1,487,479–	1,583,428	0.80	0.723	403,400
1,583,429–	1,689,753	0.81	0.723	424,200
1,689,754–	1,808,228	0.82	0.723	447,200
1,808,229–	1,941,064	0.83	0.723	472,850
1,941,065–	2,091,039	0.84	0.723	501,600
2,091,040–	2,261,702	0.85	0.724	534,050
2,261,703–	2,457,648	0.86	0.724	571,000
2,457,649–	2,684,945	0.87	0.724	613,350
2,684,946–	2,951,771	0.88	0.724	662,500
2,951,772–	3,269,421	0.89	0.724	720,200
3,269,422–	3,653,946	0.90	0.724	788,900
3,653,947–	4,128,948	0.91	0.724	872,050
4,128,949–	4,730,616	0.92	0.724	974,700
4,730,617–	5,517,413	0.93	0.724	1,104,750
5,517,414–	6,590,318	0.94	0.724	1,274,850
6,590,319–	8,140,070	0.95	0.724	1,506,700
8,140,071–	10,575,394	0.96	0.724	1,841,650
10,575,395–	14,958,978	0.97	0.724	2,368,000
14,958,979–	38,965,028	0.98	0.724	3,315,400
25,187,339–	118,081,838	0.99	0.724	5,525,950
76,329,145 and over		1.00	0.724	16,578,700

EXPERIENCE RATING EXAMPLE

EXPERIENCE USED

	Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year
	Residual BI and PD	Residual BI and PD	Residual BI and PD
a. Current annual Manual \$40,000/80,000 residual bodily injury and \$20,000 property damage liability premium	\$98,250	\$98,250	\$98,250
b. Detrend factors	.952	.929	.906
c. Detrended premium (a x b)	\$93,534	\$91,274	\$89,015
d. Adjusted expected loss ratio†	.706	.706	.706
e. Expected Losses (c x d)	\$66,035	\$64,439	\$62,845
f. Loss development factor	.134	.059	.019
g. Expected ultimate losses (e x f)	\$8,849	\$3,802	\$1,194
h. Losses (paid, outstanding, and allocated claim expenses)*	\$85,694	\$58,530	\$49,960
i. Total adjusted losses (g + h)	\$94,543	\$62,332	\$51,154

* For any one occurrence, limit the indemnity amount to \$40,000/80,000/20,000; and limit the sum of the indemnity and allocated claim expense to the maximum single loss†.

DETERMINATION OF EXPERIENCE MODIFICATION

	Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year	Total
(1) Detrended premium BI and PD (from c)	\$93,534	\$91,274	\$89,015	\$273,823
(2) Total adjusted losses BI and PD (from i)	\$94,543	\$62,332	\$51,154	\$208,029
(3) Actual loss ratio (2) ÷ (1)				0.760
(4) Adjusted expected loss ratio†				0.706
USE SIGNS – FOR CREDIT AND + FOR DEBIT				
(5) $\text{Credit } [(4) - (3)] \div (4) \text{ OR Debit } [(3) - (4)] \div (4)$				+0.076
(6) Credibility factor				0.420
(7) Experience modification (5) x (6) stated as a percentage				+3%
(8) Experience Modification Factor ((7) + 1.00)				1.03

† Refer to the Credibility and Maximum Single Loss Table to determine the applicable adjusted expected loss ratio, maximum single loss, and credibility factor corresponding to the detrended premium determined in (1).

EXPERIENCE RATING WORKSHEET

EXPERIENCE USED

	Latest	Second Latest	Third Latest
	Full Policy Year	Full Policy Year	Full Policy Year
	Residual BI and PD	Residual BI and PD	Residual BI and PD
a. Current annual Manual \$40,000/80,000 residual bodily injury and \$20,000 property damage liability premium			
b. Detrend factors			
c. Detrended premium (a x b)			
d. Adjusted expected loss ratio†			
e. Expected Losses (c x d)			
f. Loss development factor			
g. Expected ultimate losses (e x f)			
h. Losses (paid, outstanding, and allocated claim expenses)*			
i. Total adjusted losses (g + h)			

* For any one occurrence, limit the indemnity amount to \$40,000/80,000/20,000; and limit the sum of the indemnity and allocated claim expense to the maximum single loss†.

DETERMINATION OF EXPERIENCE MODIFICATION

	Latest	Second Latest	Third Latest	Total
	Full Policy Year	Full Policy Year	Full Policy Year	
(1) Detrended premium BI and PD (from c)				
(2) Total adjusted losses BI and PD (from i)				
(3) Actual loss ratio (2) ÷ (1)				
(4) Adjusted expected loss ratio†				
USE SIGNS – FOR CREDIT AND + FOR DEBIT				
(5) Credit [(4) – (3)] ÷ (4) OR Debit [(3) – (4)] ÷ (4)				
(6) Credibility factor				
(7) Experience modification (5) x (6) stated as a percentage				%
(8) Experience Modification Factor ((7) + 1.00)				

† Refer to the Credibility and Maximum Single Loss Table to determine the applicable adjusted expected loss ratio, maximum single loss, and credibility factor corresponding to the detrended premium determined in (1).