

**Texas Automobile Insurance Plan Association**  
**2024 Rate Filing**  
**Commercial Auto Memorandum**

**Proposed Rate Changes**

TAIPA is proposing an overall average rate level change of +12.7% for commercial vehicles. The average increase is generated by changes in the base rates for each territory. No changes are proposed in the current territory rate factors or class rate factors. The proposed base rate changes by coverage are below. The overall average change is based on the 2021 earned premium in the assigned risk market for each coverage from the 2022 Texas Commercial Auto Benchmark Reports.

<b><u>Commercial Auto</u></b>	<b><u>Indicated</u></b>	<b><u>Proposed</u></b>
Bodily Injury Liability	+18.8%	+15.0%
Property Damage Liability	+10.8%	+10.0%
Personal Injury Protection	-1.4%	0.0%
Uninsured Motorists - BI	+11.9%	+10.0%
Uninsured Motorists - PD	+13.0%	+10.0%
<b>Total</b>	<b>+15.2%</b>	<b>+12.7%</b>

**Rate Filing History**

Throughout this memorandum, the year of a rate filing references the year in which the filing became effective, though it may have been prepared and submitted in the previous year.

In 2013 and prior, commercial auto liability rates for TAIPA were derived directly from the voluntary market loss costs filed by ISO. During this time, TAIPA was a subscriber to the ISO loss costs, and the actuarial staff at the TDI used the loss costs with TAIPA's filed loss cost multiplier and split point

factor to determine the Association's commercial vehicle rates. As the commercial auto assigned risk market in Texas continued to depopulate, the ISO subscription fees became a prohibitive cost for TAIPA relative to the number of insured vehicles in the Plan.

Beginning in 2016, TAIPA's commercial auto rate filings were based on the change in the voluntary market aggregate loss costs that were included in the ISO filings, which had historically followed the filed loss costs very closely and would have produced substantially similar results to the prior methodology. However, the observed annual changes in three-year average loss costs proved to be more erratic than anticipated. Attempts were made to normalize the reported losses for shifts in the distribution of insured vehicles by territory and changes in the companies reporting losses to ISO, but the results remained highly variable. In the Association's 2021 rate filing, no adjustments were made to the change in loss costs, and the annual percentage change was directly used as the basis for the proposed rate increases.

Having filed annual commercial auto rate changes from 2016 to 2021, TAIPA did not file any changes to its commercial vehicle rates in 2022. Effective 6/1/2023, a flat +5.0% base rate increase was filed for each coverage. This latest rate revision was based on the changes to the voluntary market rates included in the November 2022 Commercial Auto Biennial Report prepared by the TDI, as required by House Bill 19 (87R, 2021). The Biennial Report showed that over the six-year period from 2017 to 2022, statewide commercial auto rates in Texas increased by 44.8%, an average of 6.4% per year. In that same time period, TAIPA had filed five rate changes with a combined impact of increasing the Association's commercial vehicle rates by 19.0%, indicating that TAIPA's rates had significantly lagged those of the voluntary market. Including the impact of the 2023 TAIPA commercial auto rate filing, the Association's rates have increased by 24.9% since 2017, which remains 15% below the voluntary market change from 2017 to 2022. The next edition of the Biennial Report with 2023 and 2024 voluntary rate changes will not be available until later this year, at the earliest, though TDI staff has indicated that the 2023 rate change will represent another significant increase.

In each of TAIPA's commercial auto filings from 2017 to 2023, the proposed rate increases for every coverage were capped at +5.0%, in order to avoid the additional cost associated with one or more rate hearings. The Association's average rate increases for each coverage in the filings effective since 2017 are as follows:

<b>Eff. Date</b>	<b>BI</b>	<b>PD</b>	<b>PIP</b>	<b>UM BI</b>	<b>UMPD</b>	<b>Overall</b>
2/1/2017	+3.8%	+1.0%	+1.2%	0.0%	0.0%	+2.5%
2/1/2018	+2.1%	+1.1%	0.0%	0.0%	0.0%	+1.7%
3/1/2019	+4.3%	+3.3%	+3.5%	0.0%	0.0%	+3.9%
2/1/2020	+4.8%	+5.0%	+1.3%	+3.6%	+3.2%	+4.8%
3/1/2021	+5.0%	+5.0%	0.0%	0.0%	0.0%	+4.8%
6/1/2023	+5.0%	+5.0%	+5.0%	+5.0%	+5.0%	+5.0%

### **Indicated Rate Change Methodology**

While the Biennial Report may be the best source of rate changes in the voluntary market, we recognize that the commercial vehicles covered by TAIPA differ from the average policy in the voluntary market. In particular, TAIPA only offers the minimum statutory limits and currently insures no zone-rated trucking risks, which constitute a significant portion of the premium in the voluntary market.

This analysis of TAIPA’s commercial auto rate adequacy uses an approach similar to what has been employed for the Association’s private passenger rates for several years, by examining statewide loss trends for each coverage offered by TAIPA. The source of the claims data contained in the commercial auto exhibits is the 2022 Texas Commercial Auto Liability Benchmark Reports. The 2022 Benchmark Reports contain data on commercial auto claims occurring through the end of 2021 with valuation dates up to 3/31/2022. The 2023 Benchmark Reports were not yet available at the time of filing.

The Benchmark Report’s quarterly loss trend file, analogous to the QDE and TICO trend reports for private passenger auto, only contains losses at total limits, which presents a similar issue to the use of the Biennial Report’s voluntary market rate changes. However, the loss development report (liability report #6) does contain basic limits reported losses, reported ALAE, and reported claim counts at annual valuation dates, which we have used to perform an analysis of the trend in statewide basic limits claim severity in Texas. In the exhibits for each coverage, Pages 2 and 3 display the development of loss/ALAE and claim counts to their ultimate level. The resulting claim severities are brought forward to Page 1, where an annual claim severity trend is selected.

Exhibit 1 contains the calculation of the indicated rate change for each coverage. Since TAIPA has made only a single commercial auto rate filing in the three-year period since 2021, we have applied the

selected trends for multiple years to account for the longer periods between rate changes. After determining the appropriate *annual* trend in claim severity for each coverage, we apply that trend for a period of 3.5 years—the length of time between 3/1/2021 and 9/1/2024, the effective dates of TAIPA’s last regular annual rate change and the proposed effective date of this filing—to determine the total increase in claim costs over that time. From there, we obtain the rate indications by accounting for the impact of the single +5.0% rate increase filed in that period.

The claims included in this analysis come from Rate Groups A, C, and J of the Benchmark Report, corresponding to the Rate Groups of the commercial vehicles written by TAIPA. These include non-zone-rated Trucks, non-zone-rated Publics, and All Other vehicles. Notably, this excludes zone-rated Trucks that are not present in the book of business currently underwritten by TAIPA. The three rate groups are combined for each coverage for the sake of credibility and stability in the results. Standard chain-ladder loss development methodology is used to develop the reported loss & ALAE and the reported claim counts to their ultimate level for each coverage, and the resulting values are compared to obtain the average basic limits loss & ALAE cost per claim in each accident year. The annual trends in the resulting basic limits claim severity serve as the basis for the indicated rate changes.

When analyzing the reported loss and reported claim count development triangles, we observed significant increases in the values of the latest diagonal, with valuation date 3/31/2022. This pattern was particularly noted in the Bodily Injury, UM Bodily Injury, and PIP coverages. At this time, we cannot be certain whether the observed increases relate to persisting changes in statewide commercial auto loss development, one-time aberrant results, or potential reporting anomalies. To avoid placing complete reliance on potentially anomalous values, we also developed estimates of ultimate claim severity using only data through the 3/31/2021 valuation.

Using the trend in claim severity as the basis for determining the indicated rate change implicitly assumes no trend in claim frequency. The exposure bases used for commercial auto rating vary (insured cars, employees, miles, etc.), and a large portion of the reported claims in the Benchmark Reports are not associated with any exposure base at all. We have therefore been unable to reliably determine the trend in statewide commercial auto claim frequency from the Benchmark Reports or to evaluate the pure premiums directly. However, the only mention of a trend in claim frequency contained in the 2022 Biennial Report refers to increases in the frequency of commercial auto claims.

This approach of analyzing prior years' claim severity is inherently retrospective. It is not intended to project the future costs of TAIPA or statewide commercial auto claims; rather, it allows for TAIPA's commercial auto rates to "catch up" to increases in average claim costs that have already been observed.

Furthermore, the latest valuation date for the data underlying this analysis was 3/31/2022, with reliance primarily placed on data valued through 3/31/2021 for three of the five coverages. The claim costs in this report are therefore only partially impacted by the high levels of inflation in the general economy, which began emerging in April of 2021 and peaked near the middle of 2022. As a result, it is expected that subsequent editions of the Benchmark Reports will show similar, if not greater, increases in claim costs.

**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

Exhibit 1

		(1)	(2)	(3)	(4)	(5)	
		<i>Prior Rate Change by Coverage</i>					
	Effective Date	BI	PD	PIP	UMBI	UMPD	
	<b>3/1/2021</b>						
(a)	<b>6/1/2023</b>	+5.0%	+5.0%	+5.0%	+5.0%	+5.0%	
	<b>9/1/2024</b>						
(b)	<b>Annual Severity Trend</b>	+6.5%	+4.4%	+1.0%	+4.7%	+5.0%	
(c)	<b>Trend Period in Years</b>	3.50					
(d)	<b>Cumulative Severity Change</b>	+24.7%	+16.3%	+3.5%	+17.5%	+18.6%	
(e)	<b>Indicated Rate Change</b>	+18.8%	+10.8%	-1.4%	+11.9%	+13.0%	<b>+15.2%</b>

**NOTES**

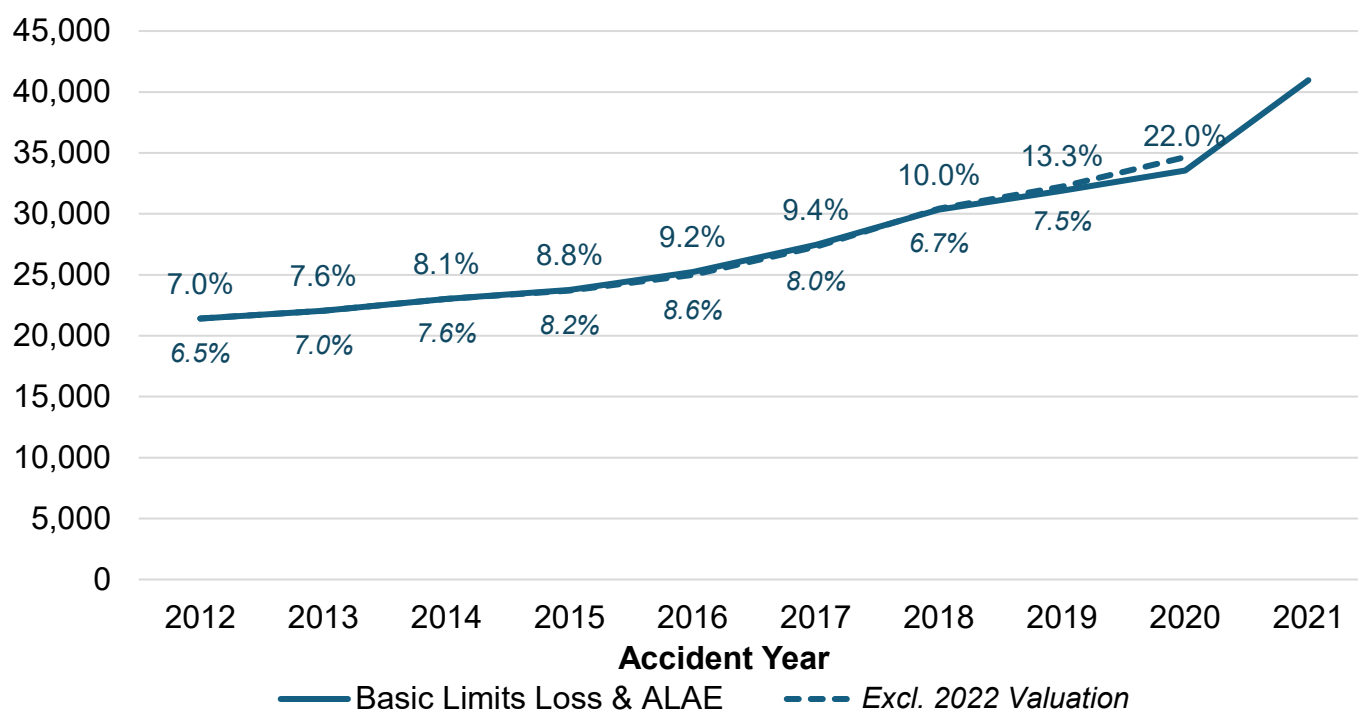
- (a) from 2023 TAIPA rate filing
- (b) from Exhibit 2
- (c) = 9/1/24 - 3/1/21, in years
- (d) = [ 1.0 + (b) ] ^ (c) - 1.0
- (e) = [ 1.0 + (d) ] / [ 1.0 + (a) ] - 1.0

**Texas Automobile Insurance Plan Association  
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Commercial Auto Liability  
Calculation of Indicated Rate Changes**

**Bodily Injury Liability Basic Limits Loss & ALAE Claim Severity**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Including 3/31/2022 Claim Valuation</i>				<i>Excluding 3/31/2022 Claim Valuation</i>			
AY	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend
2012	178,395,889	8,333	21,408	7.0%	178,452,258	8,333	21,415	6.5%
2013	206,968,114	9,388	22,046	7.6%	206,853,700	9,377	22,059	7.0%
2014	235,143,447	10,218	23,013	8.1%	234,775,443	10,193	23,032	7.6%
2015	268,015,466	11,282	23,756	8.8%	265,712,335	11,215	23,692	8.2%
2016	283,118,379	11,220	25,233	9.2%	275,995,656	11,047	24,983	8.6%
2017	317,132,757	11,551	27,454	9.4%	300,871,312	11,019	27,304	8.0%
2018	384,003,398	12,654	30,345	10.0%	337,164,550	11,081	30,427	6.7%
2019	484,894,033	15,204	31,894	13.3%	368,522,284	11,431	32,240	7.5%
2020	484,746,641	14,442	33,566	22.0%	304,960,022	8,800	34,653	
2021	1,090,141,245	26,610	40,967					

**Selected Annual Claim Severity Trend: 6.5%**



**NOTES**

- (1), (5) from Exhibit 2, Page 2
- (2), (6) from Exhibit 2, Page 3
- (3) = (1) / (2)
- (7) = (5) / (6)
- (4) based on exponential fit to (3)
- (8) based on exponential fit to (7)

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*Bodily Injury Liability, Rate Groups A, C, J.*

AY	<b>Basic Limits Reported Loss &amp; ALAE - Age in Months</b>											Ultimate excl. last point
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123	Ultimate	
2012	41,727,831	96,068,886	137,162,409	162,677,396	172,650,851	176,216,885	177,280,921	178,184,934	178,452,258	178,395,889	178,395,889	178,452,258
2013	45,182,534	109,629,299	157,536,455	187,689,007	199,652,571	204,101,435	206,262,195	206,543,830	206,968,114	206,968,114	206,968,114	206,853,700
2014	49,199,913	116,920,945	172,928,251	210,827,670	226,044,967	232,200,994	233,701,305	234,791,199			235,143,447	234,775,443
2015	51,818,139	130,240,134	196,551,214	240,081,215	258,097,187	262,471,890	266,789,249				268,015,466	265,712,335
2016	54,328,022	133,538,961	203,389,024	252,212,279	266,851,355	279,665,662					283,118,379	275,995,656
2017	56,014,969	148,180,285	230,636,050	272,824,135	306,625,499						317,132,757	300,871,312
2018	58,269,777	170,440,036	253,151,845	348,206,661							384,003,398	337,164,550
2019	76,109,212	185,306,602	364,070,953								484,894,033	368,522,284
2020	60,848,675	243,748,497									484,746,641	304,960,022
2021	217,515,889										1,090,141,245	

AY	<b>Historical Loss Development Factors</b>									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	2.302	1.428	1.186	1.061	1.021	1.006	1.005	1.002	1.000	
2013	2.426	1.437	1.191	1.064	1.022	1.011	1.001	1.002		
2014	2.376	1.479	1.219	1.072	1.027	1.006	1.005			
2015	2.513	1.509	1.221	1.075	1.017	1.016				
2016	2.458	1.523	1.240	1.058	1.048					
2017	2.645	1.556	1.183	1.124						
2018	2.925	1.485	1.375							
2019	2.435	1.965								
2020	4.006									

<b>Weighted</b>	2.703	1.573	1.239	1.078	1.028	1.010	1.004	1.002	1.000	1.000
<b>to Ult</b>	5.931	2.194	1.395	1.125	1.044	1.016	1.005	1.001	1.000	1.000
<b>Excl Last Pt</b>	2.520	1.493	1.208	1.066	1.022	1.008	1.003	1.002	1.000	1.000
<b>to Ult</b>	5.012	1.989	1.332	1.103	1.034	1.012	1.005	1.002	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports



**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

*Bodily Injury Liability, Rate Groups A, C, J.*

AY	Reported Claim Count, Rate Groups A, C, J - Age in Months										Ultimate excl. last point	
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123		Ultimate
2012	4,616	6,765	7,702	8,093	8,244	8,288	8,308	8,323	8,326	8,333	8,333	8,333
2013	5,011	7,601	8,650	9,093	9,277	9,337	9,372	9,374	9,388		9,388	9,377
2014	5,280	8,008	9,254	9,859	10,073	10,164	10,180	10,214			10,218	10,193
2015	5,933	8,843	10,151	10,787	11,117	11,172	11,267				11,282	11,215
2016	5,785	8,680	10,020	10,756	10,934	11,177					11,220	11,047
2017	5,389	8,537	10,096	10,674	11,433						11,551	11,019
2018	5,228	8,662	10,120	12,258							12,654	11,081
2019	5,609	9,032	13,885								15,204	11,431
2020	4,506	11,411									14,442	8,800
2021	13,625										26,610	

AY	Historical Claim Count Development Factors									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.466	1.139	1.051	1.019	1.005	1.002	1.002	1.000	1.001	
2013	1.517	1.138	1.051	1.020	1.006	1.004	1.000	1.001		
2014	1.517	1.156	1.065	1.022	1.009	1.002	1.003			
2015	1.490	1.148	1.063	1.031	1.005	1.009				
2016	1.500	1.154	1.073	1.017	1.022					
2017	1.584	1.183	1.057	1.071						
2018	1.657	1.168	1.211							
2019	1.610	1.537								
2020	2.532									

<b>Weighted to Ult</b>	1.637	1.208	1.084	1.031	1.010	1.004	1.002	1.001	1.001	1.000
<b>Excl Last Pt to Ult</b>	2.249	1.373	1.137	1.049	1.018	1.008	1.004	1.002	1.001	1.000
<b>Excl Last Pt to Ult</b>	1.543	1.156	1.061	1.022	1.006	1.003	1.001	1.000	1.000	1.000
<b>Excl Last Pt to Ult</b>	1.953	1.266	1.095	1.032	1.010	1.004	1.001	1.000	1.000	1.000

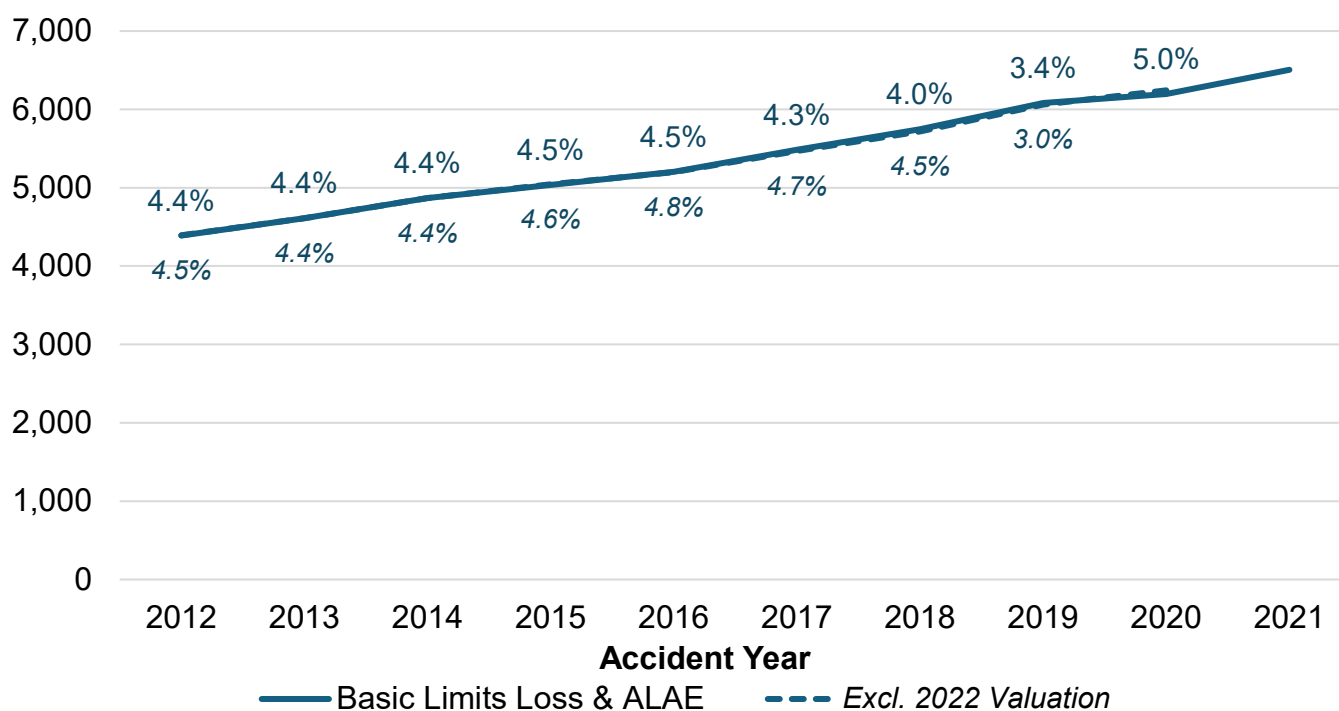
\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

**Property Damage Liability Basic Limits Loss & ALAE Claim Severity**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Including 3/31/2022 Claim Valuation</i>				<i>Excluding 3/31/2022 Claim Valuation</i>			
AY	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend
2012	124,742,051	28,418	4,390	4.4%	124,842,327	28,418	4,393	4.5%
2013	136,747,821	29,666	4,610	4.4%	136,819,788	29,669	4,612	4.4%
2014	147,673,592	30,324	4,870	4.4%	147,602,519	30,330	4,867	4.4%
2015	152,994,901	30,377	5,037	4.5%	153,206,784	30,381	5,043	4.6%
2016	157,880,447	30,344	5,203	4.5%	157,659,786	30,314	5,201	4.8%
2017	171,496,117	31,268	5,485	4.3%	170,798,299	31,223	5,470	4.7%
2018	190,199,870	33,105	5,745	4.0%	188,185,222	32,921	5,716	4.5%
2019	197,701,070	32,518	6,080	3.4%	194,898,897	32,160	6,060	3.0%
2020	155,813,011	25,143	6,197	5.0%	148,543,030	23,793	6,243	
2021	191,188,779	29,391	6,505					

**Selected Annual Claim Severity Trend: 4.4%**



**NOTES**

- (1), (5) from Exhibit 3, Page 2
- (2), (6) from Exhibit 3, Page 3
- (3) = (1) / (2)
- (7) = (5) / (6)
- (4) based on exponential fit to (3)
- (8) based on exponential fit to (7)

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*Property Damage Liability*

AY	<b>Basic Limits Reported Loss &amp; ALAE - Age in Months</b>											Ultimate excl. last point
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123	Ultimate	
2012	107,438,338	118,323,257	122,115,662	123,508,526	124,273,508	124,477,303	124,776,145	124,815,355	124,842,327	124,742,051	124,742,051	124,842,327
2013	115,051,427	128,053,933	132,153,025	134,955,863	136,089,539	136,608,604	136,773,804	136,790,228	136,747,821		136,747,821	136,819,788
2014	123,375,386	137,868,319	142,351,344	145,788,892	147,090,556	147,447,824	147,539,247	147,641,687			147,673,592	147,602,519
2015	127,697,139	143,417,876	148,651,440	151,426,617	152,807,205	152,933,173	152,929,317				152,994,901	153,206,784
2016	130,395,160	146,763,676	153,209,471	156,325,507	157,040,156	157,598,489					157,880,447	157,659,786
2017	140,509,599	159,330,200	166,312,025	168,871,049	170,822,108						171,496,117	170,798,299
2018	156,803,011	177,433,937	182,664,572	188,053,697							190,199,870	188,185,222
2019	163,390,208	182,631,230	191,901,261								197,701,070	194,898,897
2020	124,133,572	146,005,556									155,813,011	148,543,030
2021	159,771,523										191,188,779	

AY	<b>Historical Loss Development Factors</b>									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.101	1.032	1.011	1.006	1.002	1.002	1.000	1.000	0.999	
2013	1.113	1.032	1.021	1.008	1.004	1.001	1.000	1.000		
2014	1.117	1.033	1.024	1.009	1.002	1.001	1.001			
2015	1.123	1.036	1.019	1.009	1.001	1.000				
2016	1.126	1.044	1.020	1.005	1.004					
2017	1.134	1.044	1.015	1.012						
2018	1.132	1.029	1.030							
2019	1.118	1.051								
2020	1.176									

<b>Weighted to Ult</b>	1.127	1.038	1.020	1.008	1.002	1.001	1.000	1.000	0.999	1.000
<b>Excl Last Pt to Ult</b>	1.207	1.071	1.032	1.011	1.003	1.001	1.000	0.999	0.999	1.000
<b>Weighted to Ult</b>	1.121	1.036	1.019	1.007	1.002	1.001	1.000	1.000	1.000	1.000
<b>Excl Last Pt to Ult</b>	1.197	1.067	1.030	1.011	1.004	1.002	1.000	1.000	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association  
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Commercial Auto Liability  
Calculation of Indicated Rate Changes**

*Property Damage Liability*

AY	Reported Claim Count, Rate Groups A, C, J - Age in Months										Ultimate excl. last point	
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123		Ultimate
2012	26,799	28,027	28,296	28,348	28,385	28,421	28,429	28,437	28,436	28,418	28,418	28,418
2013	27,802	29,260	29,480	29,581	29,635	29,659	29,668	29,670	29,666		29,666	29,669
2014	28,358	30,010	30,201	30,295	30,314	30,327	30,326	30,325			30,324	30,330
2015	28,474	30,001	30,289	30,340	30,360	30,371	30,373				30,377	30,381
2016	28,285	29,922	30,195	30,263	30,283	30,334					30,344	30,314
2017	29,054	30,861	31,078	31,160	31,236						31,268	31,223
2018	30,478	32,519	32,772	33,038							33,105	32,921
2019	29,841	31,757	32,371								32,518	32,160
2020	22,209	24,828									25,143	23,793
2021	27,434										29,391	

AY	Historical Claim Count Development Factors									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.046	1.010	1.002	1.001	1.001	1.000	1.000	1.000	0.999	
2013	1.052	1.008	1.003	1.002	1.001	1.000	1.000	1.000		
2014	1.058	1.006	1.003	1.001	1.000	1.000	1.000			
2015	1.054	1.010	1.002	1.001	1.000	1.000				
2016	1.058	1.009	1.002	1.001	1.002					
2017	1.062	1.007	1.003	1.002						
2018	1.067	1.008	1.008							
2019	1.064	1.019								
2020	1.118									

<b>Weighted to Ult</b>	1.063	1.010	1.003	1.001	1.001	1.000	1.000	1.000	0.999	1.000
<b>Excl Last Pt to Ult</b>	1.079	1.015	1.005	1.002	1.000	1.000	0.999	0.999	0.999	1.000
<b>Excl Last Pt to Ult</b>	1.058	1.008	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000
<b>Excl Last Pt to Ult</b>	1.071	1.013	1.005	1.002	1.001	1.000	1.000	1.000	1.000	1.000

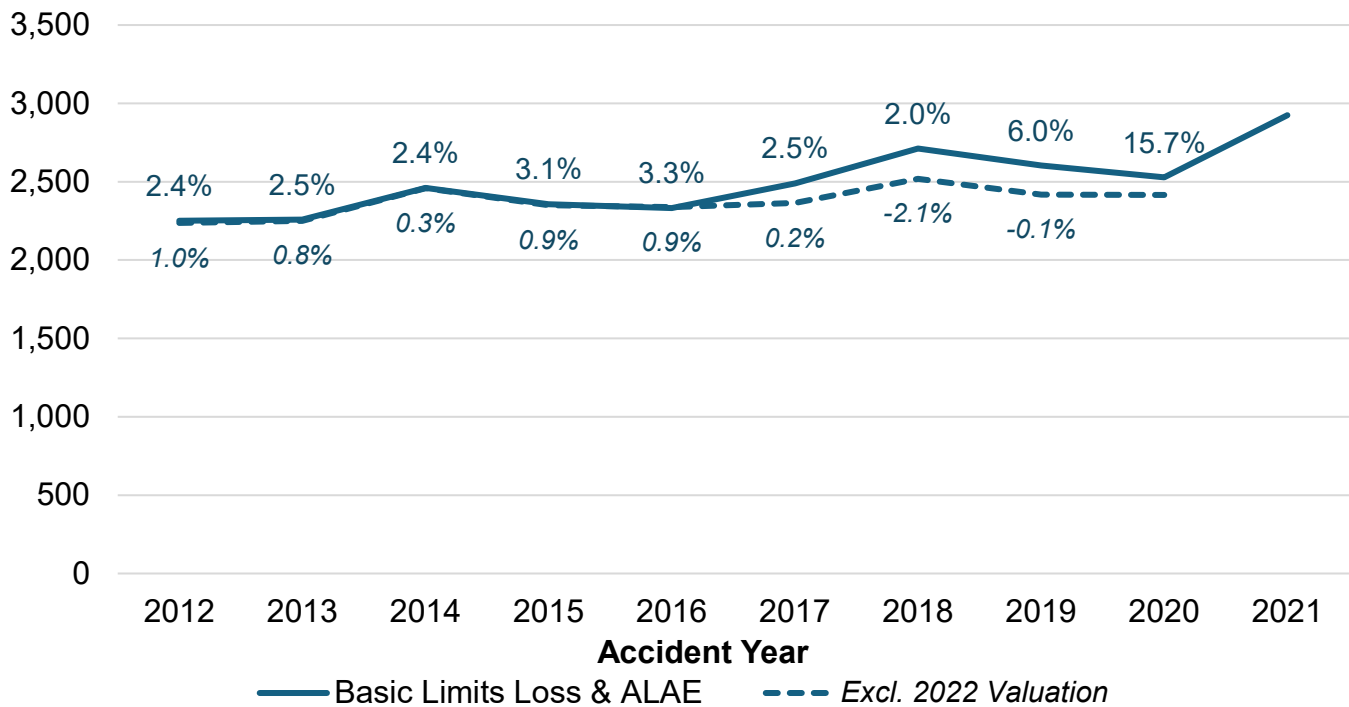
\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

**PIP Basic Limits Loss & ALAE Claim Severity**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Including 3/31/2022 Claim Valuation</i>				<i>Excluding 3/31/2022 Claim Valuation</i>			
AY	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend
2012	3,122,162	1,387	2,251	2.4%	3,102,911	1,387	2,237	1.0%
2013	3,027,441	1,340	2,259	2.5%	3,015,985	1,340	2,251	0.8%
2014	3,544,784	1,441	2,460	2.4%	3,539,627	1,440	2,458	0.3%
2015	3,596,831	1,526	2,357	3.1%	3,588,890	1,527	2,351	0.9%
2016	3,556,600	1,526	2,331	3.3%	3,552,380	1,519	2,339	0.9%
2017	4,232,316	1,700	2,490	2.5%	3,990,353	1,687	2,365	0.2%
2018	4,569,785	1,685	2,711	2.0%	4,179,998	1,660	2,518	-2.1%
2019	4,373,878	1,680	2,603	6.0%	3,818,184	1,579	2,418	-0.1%
2020	3,426,008	1,355	2,528	15.7%	2,848,584	1,179	2,416	
2021	5,402,479	1,847	2,925					

**Selected Annual Claim Severity Trend: 1.0%**



**NOTES**

- (1), (5) from Exhibit 4, Page 2
- (2), (6) from Exhibit 4, Page 3
- (3) = (1) / (2)
- (7) = (5) / (6)
- (4) based on exponential fit to (3)
- (8) based on exponential fit to (7)

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*Personal Injury Protection*

AY	<b>Basic Limits Reported Loss &amp; ALAE - Age in Months</b>											Ultimate excl. last point
	<u>@15</u>	<u>@27</u>	<u>@39</u>	<u>@51</u>	<u>@63</u>	<u>@75</u>	<u>@87</u>	<u>@99</u>	<u>@111</u>	<u>@123</u>	<u>Ultimate</u>	
2012	2,351,278	2,953,397	3,045,874	3,077,784	3,102,784	3,100,324	3,099,694	3,100,447	3,102,911	3,122,162	3,122,162	3,102,911
2013	2,178,515	2,719,814	2,925,678	2,961,464	2,980,687	2,998,192	3,005,715	3,013,590	3,027,441		3,027,441	3,015,985
2014	2,282,553	3,109,549	3,465,582	3,476,619	3,484,584	3,502,182	3,531,825	3,541,969			3,544,784	3,539,627
2015	2,341,608	3,226,179	3,431,854	3,510,854	3,562,836	3,567,404	3,588,903				3,596,831	3,588,890
2016	2,422,979	3,192,054	3,428,667	3,511,240	3,521,134	3,535,307					3,556,600	3,552,380
2017	2,487,331	3,591,874	3,852,426	3,928,162	4,195,089						4,232,316	3,990,353
2018	2,693,635	3,581,389	4,051,308	4,498,563							4,569,785	4,179,998
2019	2,515,389	3,421,247	4,239,219								4,373,878	3,818,184
2020	1,907,078	3,069,841									3,426,008	2,848,584
2021	3,616,866										5,402,479	

AY	<b>Historical Loss Development Factors</b>									
	<u>15-27</u>	<u>27-39</u>	<u>39-51</u>	<u>51-63</u>	<u>63-75</u>	<u>75-87</u>	<u>87-99</u>	<u>99-111</u>	<u>111-123</u>	<u>123-Ult</u>
2012	1.256	1.031	1.010	1.008	0.999	1.000	1.000	1.001	1.006	
2013	1.248	1.076	1.012	1.006	1.006	1.003	1.003	1.005		
2014	1.362	1.114	1.003	1.002	1.005	1.008	1.003			
2015	1.378	1.064	1.023	1.015	1.001	1.006				
2016	1.317	1.074	1.024	1.003	1.004					
2017	1.444	1.073	1.020	1.068						
2018	1.330	1.131	1.110							
2019	1.360	1.239								
2020	1.610									

<b>Weighted</b>	1.363	1.103	1.032	1.019	1.003	1.004	1.002	1.003	1.006	1.000
<b>to Ult</b>	1.608	1.180	1.070	1.037	1.018	1.015	1.011	1.009	1.006	1.000
<b>Excl Last Pt</b>	1.338	1.082	1.016	1.007	1.003	1.004	1.001	1.001	1.000	1.000
<b>to Ult</b>	1.494	1.116	1.032	1.016	1.009	1.006	1.002	1.001	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*Personal Injury Protection*

AY	Reported Claim Count, Rate Groups A, C, J - Age in Months										Ultimate excl. last point		
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123		Ultimate	
2012	1,103	1,335	1,367	1,376	1,385	1,385	1,385	1,385	1,385	1,385	1,387	1,387	1,387
2013	1,059	1,263	1,322	1,334	1,338	1,340	1,340	1,340	1,340	1,340		1,340	1,340
2014	1,075	1,369	1,429	1,437	1,440	1,438	1,440	1,441				1,441	1,440
2015	1,088	1,438	1,500	1,519	1,526	1,526	1,526					1,526	1,527
2016	1,117	1,411	1,498	1,513	1,518	1,525						1,526	1,519
2017	1,193	1,594	1,660	1,680	1,699							1,700	1,687
2018	1,240	1,552	1,637	1,678								1,685	1,660
2019	1,152	1,490	1,657									1,680	1,579
2020	877	1,279										1,355	1,179
2021	1,374											1,847	

AY	Historical Claim Count Development Factors									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.210	1.024	1.007	1.007	1.000	1.000	1.000	1.000	1.001	
2013	1.193	1.047	1.009	1.003	1.001	1.000	1.000	1.000		
2014	1.273	1.044	1.006	1.002	0.999	1.001	1.001			
2015	1.322	1.043	1.013	1.005	1.000	1.000				
2016	1.263	1.062	1.010	1.003	1.005					
2017	1.336	1.041	1.012	1.011						
2018	1.252	1.055	1.025							
2019	1.293	1.112								
2020	1.458									

<b>Weighted</b>	1.285	1.054	1.012	1.005	1.001	1.000	1.000	1.000	1.001	1.000
<b>to Ult</b>	1.382	1.075	1.020	1.008	1.003	1.002	1.002	1.001	1.001	1.000
<b>Excl Last Pt</b>	1.269	1.045	1.009	1.004	1.000	1.000	1.000	1.000	1.000	1.000
<b>to Ult</b>	1.344	1.060	1.014	1.004	1.000	1.000	1.000	1.000	1.000	1.000

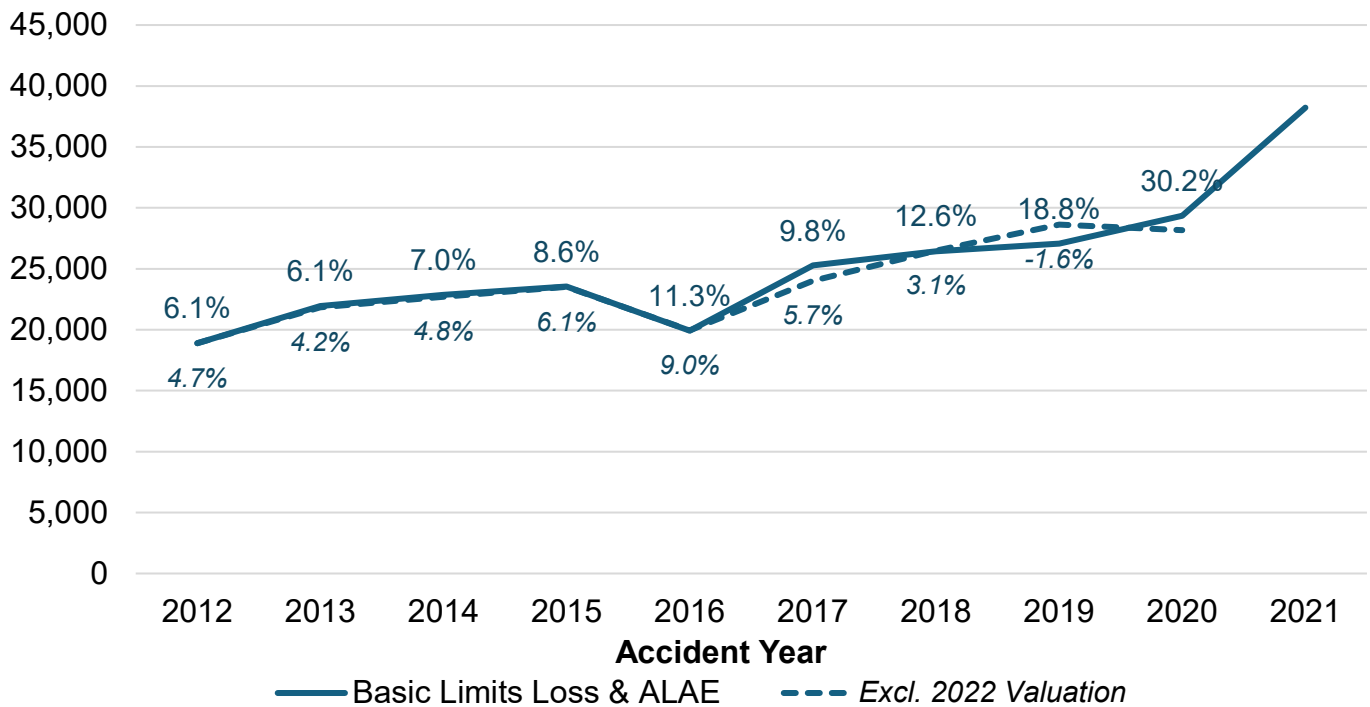
\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

**UM/UIM Bodily Injury Basic Limits Loss & ALAE Claim Severity**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Including 3/31/2022 Claim Valuation</i>				<i>Excluding 3/31/2022 Claim Valuation</i>			
AY	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend
2012	9,163,551	485	18,894	6.1%	9,163,551	485	18,894	4.7%
2013	11,130,110	507	21,953	6.1%	10,989,618	503	21,848	4.2%
2014	13,233,936	579	22,857	7.0%	13,132,806	579	22,698	4.8%
2015	14,121,241	600	23,551	8.6%	14,072,713	599	23,510	6.1%
2016	12,942,036	650	19,909	11.3%	12,906,410	647	19,952	9.0%
2017	15,772,378	624	25,268	9.8%	13,854,049	576	24,031	5.7%
2018	17,930,001	678	26,449	12.6%	15,921,715	601	26,482	3.1%
2019	26,186,693	967	27,076	18.8%	19,109,378	668	28,626	-1.6%
2020	32,908,642	1,121	29,354	30.2%	19,581,701	695	28,167	
2021	56,788,561	1,486	38,221					

**Selected Annual Claim Severity Trend: 4.7%**



**NOTES**

- (1), (5) from Exhibit 5, Page 2
- (2), (6) from Exhibit 5, Page 3
- (3) = (1) / (2)
- (7) = (5) / (6)
- (4) based on exponential fit to (3)
- (8) based on exponential fit to (7)



**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*UM/UIM Bodily Injury*

<b>Basic Limits Reported Loss &amp; ALAE - Age in Months</b>												<b>Ultimate</b>
<b>AY</b>	<b>@15</b>	<b>@27</b>	<b>@39</b>	<b>@51</b>	<b>@63</b>	<b>@75</b>	<b>@87</b>	<b>@99</b>	<b>@111</b>	<b>@123</b>	<b>Ultimate</b>	<b>excl. last point</b>
2012	2,117,038	4,745,836	6,429,302	7,831,770	8,518,293	8,903,964	9,129,018	9,165,371	9,163,551	9,163,551	9,163,551	9,163,551
2013	1,528,467	4,202,218	6,636,307	9,023,651	10,197,655	10,718,500	10,958,536	10,991,801	11,130,110	11,130,110	11,130,110	10,989,618
2014	2,283,575	6,374,656	9,525,831	11,423,614	12,243,091	12,863,608	13,090,048	13,236,564			13,233,936	13,132,806
2015	2,722,103	5,848,968	9,301,127	11,904,808	13,158,110	13,734,528	14,075,265				14,121,241	14,072,713
2016	2,512,787	6,395,293	9,196,623	11,242,201	12,023,011	12,631,023					12,942,036	12,906,410
2017	2,365,762	5,943,590	9,553,688	11,822,082	14,692,813						15,772,378	13,854,049
2018	2,324,841	7,088,969	10,878,720	15,300,216							17,930,001	15,921,715
2019	3,573,413	8,616,441	17,892,401								26,186,693	19,109,378
2020	3,485,407	14,838,545									32,908,642	19,581,701
2021	10,107,970										56,788,561	

<b>Historical Loss Development Factors</b>										
<b>AY</b>	<b>15-27</b>	<b>27-39</b>	<b>39-51</b>	<b>51-63</b>	<b>63-75</b>	<b>75-87</b>	<b>87-99</b>	<b>99-111</b>	<b>111-123</b>	<b>123-Ult</b>
2012	2.242	1.355	1.218	1.088	1.045	1.025	1.004	1.000	1.000	
2013	2.749	1.579	1.360	1.130	1.051	1.022	1.003	1.013		
2014	2.792	1.494	1.199	1.072	1.051	1.018	1.011			
2015	2.149	1.590	1.280	1.105	1.044	1.025				
2016	2.545	1.438	1.222	1.069	1.051					
2017	2.512	1.607	1.237	1.243						
2018	3.049	1.535	1.406							
2019	2.411	2.077								
2020	4.257									

<b>Weighted</b>	2.796	1.614	1.277	1.120	1.048	1.022	1.007	1.007	1.000	1.000
<b>to Ult</b>	7.004	2.506	1.553	1.216	1.086	1.036	1.013	1.007	1.000	1.000
<b>Excl Last Pt</b>	2.533	1.515	1.249	1.092	1.048	1.021	1.003	1.000	1.000	1.000
<b>to Ult</b>	5.618	2.218	1.464	1.172	1.073	1.025	1.003	1.000	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*UM/UIM Bodily Injury*

AY	Reported Claim Count, Rate Groups A, C, J - Age in Months										Ultimate excl. last point	
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123		Ultimate
2012	252	363	417	454	470	479	485	485	485	485	485	485
2013	206	337	408	467	489	499	502	503	507		507	503
2014	256	418	498	542	561	574	578	579			579	579
2015	280	415	500	560	582	593	599				600	599
2016	305	477	568	611	628	644					650	647
2017	241	395	489	540	606						624	576
2018	239	410	511	635							678	601
2019	271	471	822								967	668
2020	306	791									1,121	695
2021	654										1,486	

AY	Historical Claim Count Development Factors									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.440	1.149	1.089	1.035	1.019	1.013	1.000	1.000	1.000	
2013	1.636	1.211	1.145	1.047	1.020	1.006	1.002	1.008		
2014	1.633	1.191	1.088	1.035	1.023	1.007	1.002			
2015	1.482	1.205	1.120	1.039	1.019	1.010				
2016	1.564	1.191	1.076	1.028	1.025					
2017	1.639	1.238	1.104	1.122						
2018	1.715	1.246	1.243							
2019	1.738	1.745								
2020	2.585									

<b>Weighted</b>	1.730	1.282	1.123	1.051	1.022	1.009	1.001	1.004	1.000	1.000
<b>to Ult</b>	2.714	1.568	1.223	1.089	1.036	1.014	1.005	1.004	1.000	1.000
<b>Excl Last Pt</b>	1.603	1.205	1.102	1.036	1.020	1.008	1.001	1.000	1.000	1.000
<b>to Ult</b>	2.272	1.417	1.177	1.068	1.030	1.009	1.001	1.000	1.000	1.000

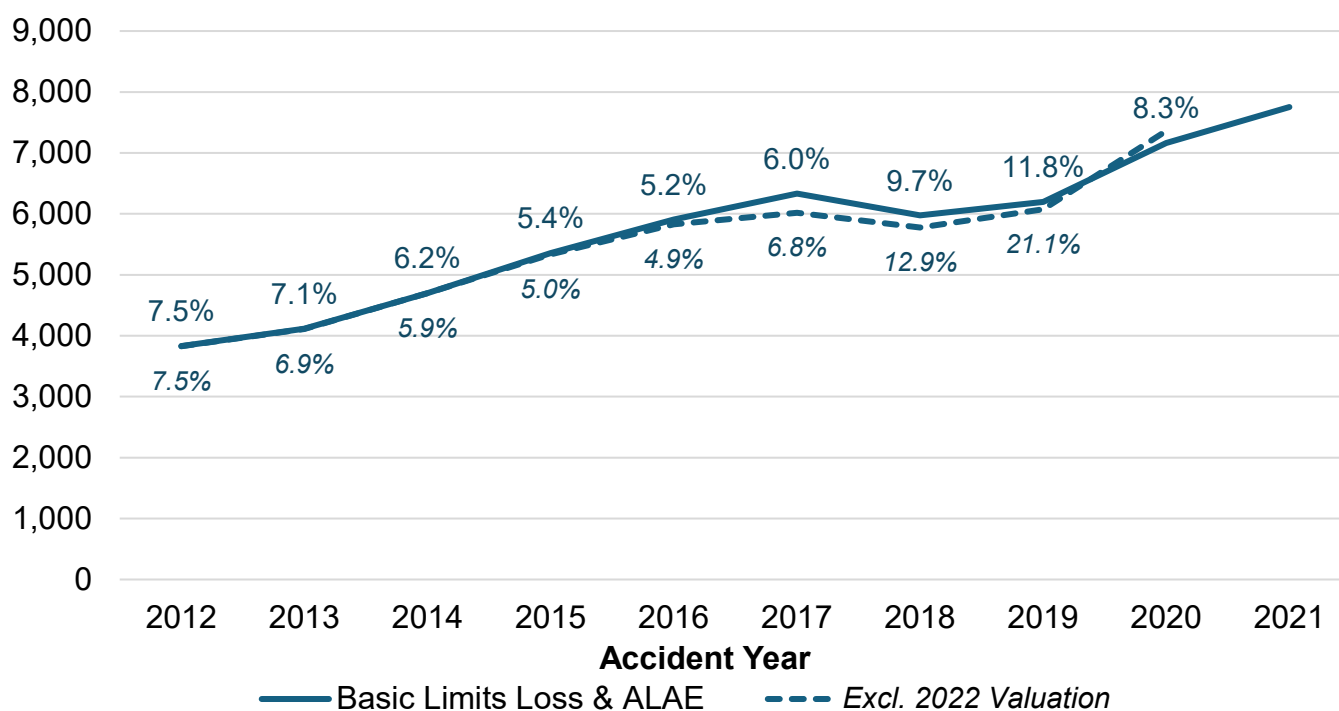
\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association  
Rate Filing Effective 9/1/2024  
Commercial Auto Liability  
Calculation of Indicated Rate Changes**

**UM/UIM Property Damage Basic Limits Loss & ALAE Claim Severity**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<i>Including 3/31/2022 Claim Valuation</i>				<i>Excluding 3/31/2022 Claim Valuation</i>			
AY	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend	Ultimate Loss/ALAE	Ultimate Claim Ct.	Claim Severity	Annual Trend
2012	6,641,552	1,734	3,830	7.5%	6,637,036	1,734	3,828	7.5%
2013	6,902,697	1,678	4,114	7.1%	6,886,299	1,675	4,111	6.9%
2014	8,593,420	1,829	4,699	6.2%	8,583,292	1,827	4,698	5.9%
2015	10,528,114	1,966	5,356	5.4%	10,466,791	1,962	5,335	5.0%
2016	12,651,279	2,141	5,908	5.2%	12,418,470	2,131	5,828	4.9%
2017	12,165,408	1,921	6,332	6.0%	11,521,381	1,915	6,016	6.8%
2018	11,573,350	1,937	5,975	9.7%	11,092,649	1,921	5,776	12.9%
2019	10,897,450	1,758	6,198	11.8%	10,629,479	1,749	6,077	21.1%
2020	11,630,342	1,624	7,161	8.3%	11,865,869	1,612	7,361	
2021	12,472,646	1,609	7,753					

**Selected Annual Claim Severity Trend: 5.0%**



**NOTES**

- (1), (5) from Exhibit 6, Page 2
- (2), (6) from Exhibit 6, Page 3
- (3) = (1) / (2)
- (7) = (5) / (6)
- (4) based on exponential fit to (3)
- (8) based on exponential fit to (7)

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*UM/UIM Property Damage*

AY	<i>Basic Limits Reported Loss &amp; ALAE - Age in Months</i>											Ultimate excl. last point
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123	Ultimate	
2012	6,261,811	6,408,568	6,460,686	6,496,980	6,665,375	6,650,188	6,646,874	6,637,919	6,637,036	6,641,552	6,641,552	6,637,036
2013	6,551,288	6,597,571	6,692,711	6,856,818	6,850,535	6,850,790	6,887,559	6,887,215	6,902,697		6,902,697	6,886,299
2014	7,088,530	7,736,843	8,200,378	8,387,230	8,469,181	8,590,820	8,590,336	8,594,563			8,593,420	8,583,292
2015	7,790,181	9,279,323	9,930,504	10,202,472	10,308,406	10,459,770	10,536,754				10,528,114	10,466,791
2016	9,673,739	10,832,432	11,897,770	12,211,013	12,311,751	12,642,793					12,651,279	12,418,470
2017	9,500,879	10,376,064	10,818,773	11,306,949	12,060,864						12,165,408	11,521,381
2018	9,547,485	10,343,857	10,599,496	11,357,951							11,573,350	11,092,649
2019	9,303,835	9,681,202	10,412,975								10,897,450	10,629,479
2020	9,967,332	10,592,776									11,630,342	11,865,869
2021	10,477,025										12,472,646	

AY	<i>Historical Loss Development Factors</i>									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.023	1.008	1.006	1.026	0.998	1.000	0.999	1.000	1.001	
2013	1.007	1.014	1.025	0.999	1.000	1.005	1.000	1.002		
2014	1.091	1.060	1.023	1.010	1.014	1.000	1.000			
2015	1.191	1.070	1.027	1.010	1.015	1.007				
2016	1.120	1.098	1.026	1.008	1.027					
2017	1.092	1.043	1.045	1.067						
2018	1.083	1.025	1.072							
2019	1.041	1.076								
2020	1.063									

<b>Weighted</b>	1.081	1.053	1.034	1.022	1.013	1.003	1.000	1.001	1.001	1.000
<b>to Ult</b>	1.225	1.133	1.076	1.040	1.018	1.005	1.002	1.002	1.001	1.000
<b>Excl Last Pt</b>	1.084	1.049	1.027	1.010	1.008	1.001	0.999	1.000	1.000	1.000
<b>to Ult</b>	1.190	1.098	1.047	1.019	1.009	1.001	0.999	1.000	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports

**Texas Automobile Insurance Plan Association**  
**Rate Filing Effective 9/1/2024**  
**Commercial Auto Liability**  
**Calculation of Indicated Rate Changes**

*UM/UIM Property Damage*

AY	Reported Claim Count, Rate Groups A, C, J - Age in Months										Ultimate excl. last point	
	@15	@27	@39	@51	@63	@75	@87	@99	@111	@123		Ultimate
2012	1,711	1,735	1,743	1,744	1,743	1,738	1,737	1,735	1,733	1,734	1,734	1,734
2013	1,626	1,662	1,665	1,678	1,677	1,677	1,677	1,677	1,678		1,678	1,675
2014	1,701	1,787	1,815	1,825	1,826	1,831	1,830	1,831			1,829	1,827
2015	1,767	1,916	1,960	1,964	1,965	1,966	1,969				1,966	1,962
2016	1,927	2,076	2,125	2,131	2,135	2,146					2,141	2,131
2017	1,783	1,877	1,902	1,918	1,925						1,921	1,915
2018	1,831	1,906	1,915	1,940							1,937	1,921
2019	1,650	1,722	1,753								1,758	1,749
2020	1,513	1,599									1,624	1,612
2021	1,510										1,609	

AY	Historical Claim Count Development Factors									
	15-27	27-39	39-51	51-63	63-75	75-87	87-99	99-111	111-123	123-Ult
2012	1.014	1.005	1.001	0.999	0.997	0.999	0.999	0.999	1.001	
2013	1.022	1.002	1.008	0.999	1.000	1.000	1.000	1.001		
2014	1.051	1.016	1.006	1.001	1.003	0.999	1.001			
2015	1.084	1.023	1.002	1.001	1.001	1.002				
2016	1.077	1.024	1.003	1.002	1.005					
2017	1.053	1.013	1.008	1.004						
2018	1.041	1.005	1.013							
2019	1.044	1.018								
2020	1.057									

<b>Weighted</b>	1.050	1.013	1.006	1.001	1.001	1.000	1.000	1.000	1.001	1.000
<b>to Ult</b>	1.073	1.022	1.008	1.002	1.002	1.000	1.000	1.000	1.001	1.000
<b>Excl Last Pt</b>	1.049	1.013	1.004	1.000	1.000	1.000	0.999	0.999	1.000	1.000
<b>to Ult</b>	1.065	1.016	1.003	0.998	0.998	0.998	0.998	0.999	1.000	1.000

\* - data from 2022 Texas Commercial Auto Liability Benchmark Reports