

Mod Analysis and Strategy Proposal

What Your Mod is Costing You

Mod value: 1.23

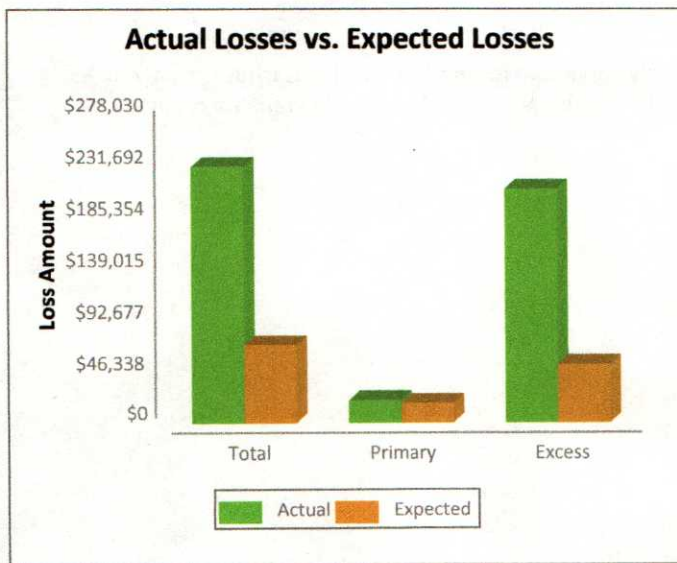
Mod effective date: 7/27/2013

Estimated manual premium: \$90,000

- Your minimum, or best possible mod, for the policy period included in this calculation was 0.75. This translates to a minimum premium of \$67,500.
- Your controllable mod, or the amount of mod points that could have been avoided if you had no losses, was 0.48. If you had no losses, you would have saved approximately \$43,200 on your premium this new policy year.
- Even if you could not reach your minimum mod, every point you save on the mod will save you about \$900 off your premium.

How Your Company Compares to Industry Standards

- Your company's total losses were \$231,692. The industry average, as measured by payroll, for a company of your size was \$70,248. Your losses were 330 % of expected.
- Your company's primary losses, which are a measure of loss frequency, were \$20,266. The industry average for a company of your size is \$17,650. Your primary losses were 115 % of expected.
- Your company's excess losses, which are a measure of loss severity, were \$211,426. The industry average for a company of your size is \$52,598. Your excess losses were 402 % of expected.



Disclaimer: All premium values are estimates.

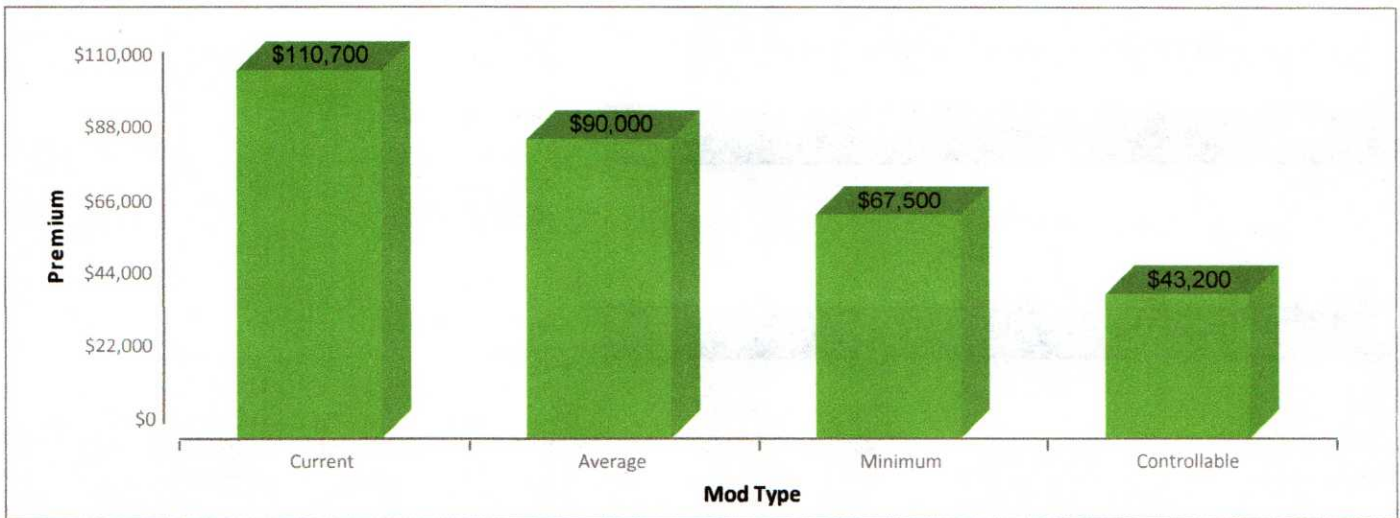
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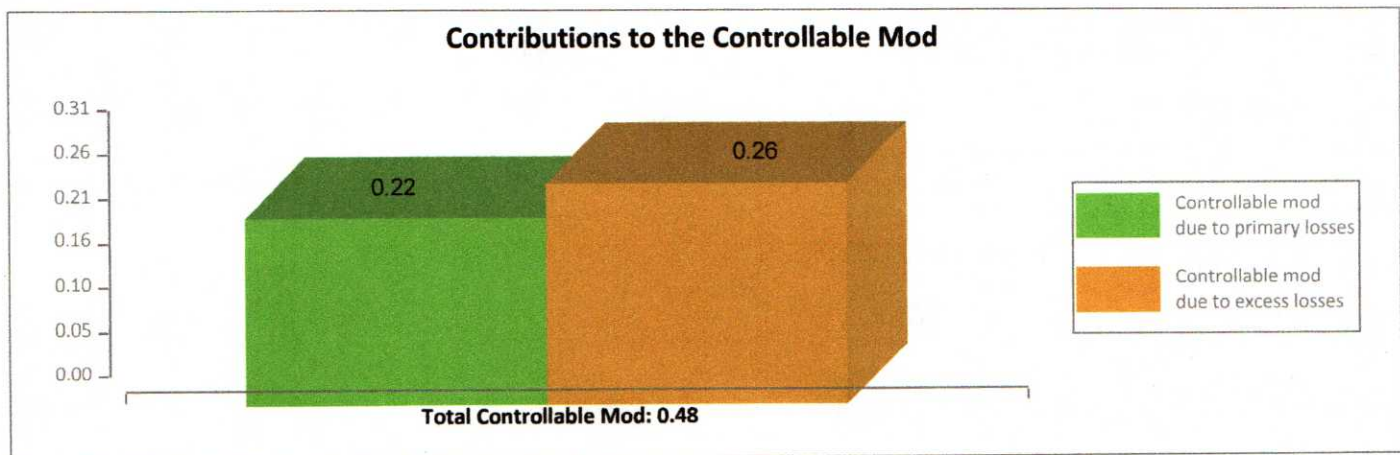
Xtreme Powerline Construction Inc.

Mod Effective Date: 7/27/2013

Mod Impact on Premium Analysis



Mod Type	Mod Value	Premium	Description
Current	1.23	\$110,700	Your actual mod and estimated premium.
Average	1.00	\$90,000	The average mod is always 1.00. This premium represents what the average competitor in your industry is paying.
Minimum	0.75	\$67,500	The lowest mod and premium you could achieve if you had zero losses in the experience rating period.
Controllable	0.48	\$43,200	The mod points and premium amount you could have saved if you had zero losses in the experience rating period.



Mod Snapshot

Effective date: 7/27/2013

The Key Numbers

Total expected losses	\$70,248
Total expected primary losses	\$17,650
Total expected excess losses	\$52,598
Total unlimited losses	\$432,322
Total limited/adjusted losses	\$231,692
Total actual primary losses	\$20,266
Total actual excess losses	\$211,426
Computed ballast value	23,975
Computed weighting value	0.12
Modification factor	1.23
ARAP factor	0.14

Mod Breakdown



Impact of Top Itemized Losses

State	Injury Date	Incurred Loss	Impact on Mod	Mod w/o Loss
MI	7/27/2009	\$371,011	0.3112	0.9188
MI	7/27/2009	\$60,426	0.1704	1.0596

Actual vs. Expected Losses by Policy Period



The Mod Formula

Actual primary losses	+	Ballast value	+	Weighting value	x	Actual excess losses	+	(1 - Weighting value)	x	Expected excess losses	=	Current mod
Expected primary losses	+	Ballast value	+	Weighting value	x	Expected excess losses	+	(1 - Weighting value)	x	Expected excess losses	=	
\$20,266	+	23,975	+	0.12	x	\$211,426	+	(1 - 0.12)	x	\$52,598	=	1.23
\$17,650	+	23,975	+	0.12	x	\$52,598	+	(1 - 0.12)	x	\$52,598	=	

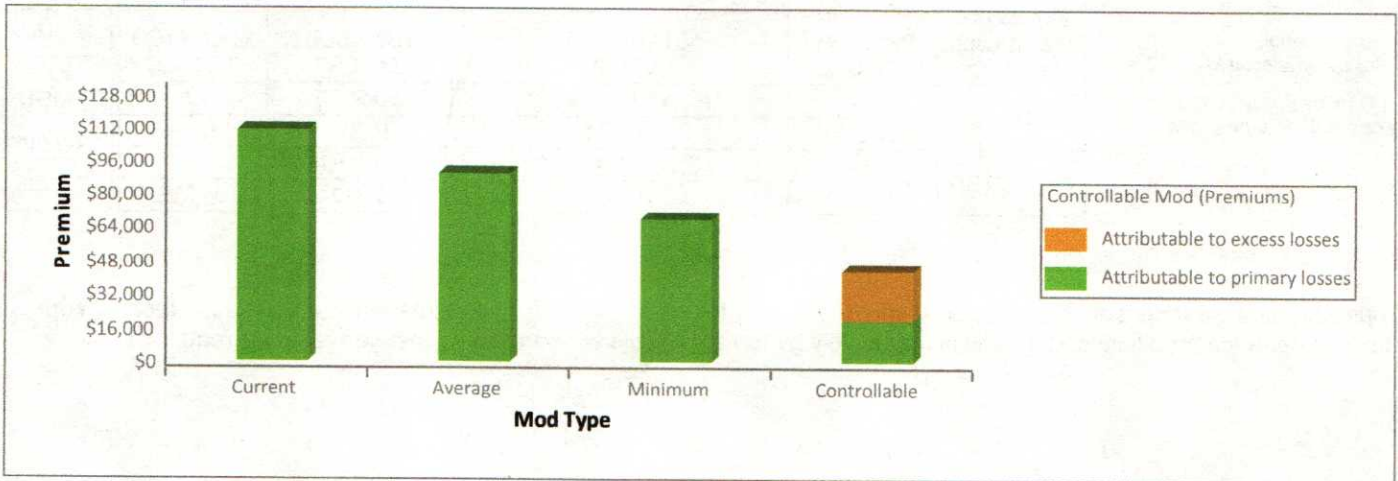
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Your Mod and Potential Premium Savings



Mod Type	Mod Value	Premium	Description
Current	1.23	\$110,700	Your actual mod and estimated premium.
Average	1.00	\$90,000	The average mod is always 1.00. This premium represents what the average competitor in your industry is paying.
Minimum	0.75	\$67,500	The lowest mod and premium you could achieve if you had zero losses in the experience rating period.
Controllable	0.48	\$43,200	The mod points and premium amount you could have saved if you had zero losses in the experience rating period.

Compared to your average competitor, your company is at a \$20,700 disadvantage.

More About the Minimum and Controllable Mod

The **minimum mod** is your mod and premium value if your company has zero losses; it is a real and attainable score. This value is unique to your company and may vary each year due to your unique payroll and industry.

The **controllable mod** is the difference between your current mod and the minimum mod. This value is a direct result of the losses your company has incurred during the experience period. By implementing good loss control practices, you can, over time, move your controllable mod to zero - and save the related premium costs.