

Instructions and Notes

- This is an illustrative example of a 10-year projection.  
Projections with and without the requested rate action, both nationally and for Missouri, are to be provided.  
This is NOT a prescribed format, just an illustrative one.  
The actual format, assumptions, and formulas are to be determined by the actuary responsible for the filing.  
Since formulas may vary by company, the formulas should always be provided.
- Please ensure that each projection is clear, such as stating "National" under the state at the top for National (versus Missouri).
- The [-1] notation means to use the previous year's value.
- This projection is based on a requested rate action to be implemented in 1997.  
For the without requested rate action projection, the following factors will change:
  - The 1997 rate increase will be 1.0000, which is cell (I)[1997].
  - There is no shock lapses (0.0000) in cell (R)[1997].
  - There is no adverse selection (1.0000) in cell (S)[1997].
- Regarding the aging factors:  
Claims increase due to the aging of the insureds, regardless of the premium basis (issue age or attained age).  
Issue age premiums do not increase by age, while attained age premiums do.
- The rate effectiveness measures that rate increases may not be effective on 1/1 of each year.  
This measures both (a) the effect of the rate filing submission and approval process and (b) the modal effect on the timing of the premium increase.
- The loss ratio with interest column (column H) is, of course, the same for each year as that without interest (column D). It is shown to facilitate the calculation of the sub-totals and totals (past, future, lifetime, and 1996-and-later).
- As a convenience, a copy of this form is available at the MDI and/or Society of Actuaries web sites ([www.insurance.state.mo.us](http://www.insurance.state.mo.us) and [www.soa.org](http://www.soa.org)).  
The file name is MSMOPROJ.WK4.  
That copy contains the formulas and assumptions, so be certain to verify that you have made all the necessary changes for your own filing.