**Reading:** Werner 15: Commercial Ratemaking
**Model:** Text Example
**Problem Type:** Loss-Rated Composite Rating

**Find** Calculate the final composite rate given the following information:

**Given**

| | |
|---|---|
| (1) Trended Ultimate Loss & ALAE | 5,400 |
| (2) Expected Loss & ALAE Ratio | 76% |
| (3) Adjusted Premium | ? |
| (4) Trended Composite Exposure | 324 |
| ==> (5) Composite Rate | ? |

Step 1 calculate the adjusted premium

| | | | | |
|---|---|---|---|---|
| adjusted premium | = | Trended Ultimate Loss & ALAE | / | Expected Loss & ALAE Ratio |
| | = | 5,400 | / | 76% |
| | = | 7,105.26 | | |

Step 2 calculate the final composite rate

| | | | | |
|---|---|---|---|---|
| composite rate | = | adjusted premium | / | Trended Composite Exposure |
| | = | 7,105.26 | / | 324 |
| | = | 21.93 | <==== *final answer* | |

**Reading:** Werner 15: Commercial Ratemaking
**Model:** Text Example
**Problem Type:** Loss-Rated Composite Rating

**Find** Calculate the final composite rate given the following information:

**Given**

| | |
|---|---|
| (1) Trended Ultimate Loss & ALAE | 15,700 |
| (2) Expected Loss & ALAE Ratio | 67% |
| (3) Adjusted Premium | ? |
| (4) Trended Composite Exposure | 314 |
| ==> (5) Composite Rate | ? |

Step 1 calculate the adjusted premium

| | | | | |
|---|---|---|---|---|
| adjusted premium | = | Trended Ultimate Loss & ALAE | / | Expected Loss & ALAE Ratio |
| | = | 15,700 | / | 67% |
| | = | 23,432.84 | | |

Step 2 calculate the final composite rate

| | | | | |
|---|---|---|---|---|
| composite rate | = | adjusted premium | / | Trended Composite Exposure |
| | = | 23,432.84 | / | 314 |
| | = | 74.63 | <==== *final answer* | |