

Q. 5.70: 900 Autos written on January 1, 1998

Solution 5.3: (a) The average earned date for CY 2001 earned premium is 7/1/01. For 12 month policies, the average date of writing is 6 months earlier, or 1/1/01. For the proposed effective period from May 1, 2003 to November 1, 2003, the average date of writing is **8/1/03**.

Therefore, for the one-step method, we trend from 1/1/01 to **8/1/03**, a length of **2 years and 7 months**.

In the written premium data, the last point is the 4th quarter of 2002, with an average date of writing of 11/15/02.

Therefore, for the two-step method, we trend from 1/1/01 to 11/15/02, a length of 1 year and 10.5 months, and then from 11/15/02 to **8/1/03**, a length of **8.5 months**.