THE PIE INSURANCE COMPANY

Workers' Compensation

Filing Memorandum

The Pie Insurance Company ("the Company") is submitting this filing to introduce Loss Cost Multipliers ("LCMs") by class code group.

In the prior filing under SERFF Tracking #PIEI-134818248, the Company increased its base LCM from 1.54 to 1.70 to maintain rate adequacy and to reflect an appropriate expense structure and underwriting considerations. No further change to the base LCM is proposed in this filing, and the base LCM of 1.70 remains in effect. This filing is instead focused on refining the Company's class-code rating structure to better address emerging experience within the new program. The proposed class code LCM adjustments are intended to more accurately align rates with the relative risk characteristics of each class and emerging experience.

The proposed overall rate impact of +7.6% is supported by the Company's rate indication based on Virginia data. The indicated rate change is +8.8% based on the limited Virginia experience. The Company began writing Workers' Compensation business in Virginia in August 2023. While the Virginia experience remains only partially credible due to the relative maturity of the program, the indication supports the proposed overall rate impact and the introduction of class-specific LCMs.

Expense data supporting the proposed LCMs is provided in Exhibits R1 through R5. The proposed expense provisions, profit provision, and taxes, licenses, and fees are based on the Company's current estimates and supporting actuarial exhibits.

Class Code Group Introduction

The Company is introducing LCMs for select class codes as displayed on the proposed manual page, LCM02. The LCMs are derived by applying class-specific relativities to the base LCM of 1.70. Class codes not specifically identified remain subject to the base LCM.

Group	Relativity	Resulting LCM
Group 1	0.85	1.445
Group 2	1.10	1.870
Group 3	1.25	2.125
Group 4	1.30	2.210

To support the proposed class code groupings, the Company performed a geospatial smoothing analysis designed to improve the statistical credibility of class-level experience. The analysis begins with Virginia experience and progressively incorporates experience from neighboring states, increasing the volume of data while maintaining geographic relevance.

The analysis expands from Virginia to neighboring jurisdictions before evaluating a broader countrywide dataset. California, Delaware, and Pennsylvania were excluded from the countrywide analysis because their experience patterns or class code structures differ materially from the remaining jurisdictions and could distort the resulting class relativities.

Countrywide experience, which carries the greatest volume, was used to establish the rank order of the class groups and to confirm that Group 1 warrants a relativity below unity while Groups 2, 3 and 4 warrant relativities above it. Virginia and regional experience were then reviewed for directional