



Products and people you can rely on

## Personal Lines Programs



- Homeowners Program
- Homeowners By-Peril Rating Plan
- Personal Umbrella Program

*More than 400 property/casualty insurers rely on AAIS to provide them with industry-leading policy forms, manual rules, and rating information for personal lines.*

# AAIS Personal Lines Programs

**Focus. Commitment. Service. Leadership.**

At AAIS, we've never strayed from our mission to develop and maintain comprehensive, reliable product bases for insurers.

For us, form and manual development is not just one activity among others, it is the core of our business. That's why we've led the industry in developing new personal lines coverage provisions addressing a wide range of exposures. That's why we've led the industry in developing new, refined approaches to rating personal risks.

Today, more than 400 property/casualty insurers rely on AAIS to provide them with industry-leading policy forms, manual rules, and rating information for personal lines. Our customers know we haven't lost our focus, or forgotten their needs in order to pursue other opportunities.

"Often viewed as 'commodities,' personal lines products pose a unique challenge. They must conform to standards and be innovative. We design our programs to **strike the right balance in this regard**.

"Because personal lines are highly automated, they must adhere to industry standards to easily flow through a company's operational systems. To that end, we **streamline products and rating to reduce implementation and maintenance costs**.

"At the same time, it is equally important that our programs **stay ahead of the curve** in addressing emerging exposures and implementing rating plan refinements.

"Over the years, we have led the industry in developing simplified fire protection classifications (now widely used), coverage options for home-based businesses and equipment breakdown, and language to address **personal injury exposures** arising from online activity.

"In other product areas, particularly rating, we are **assuming a leadership role in the industry**. We're excited about our recent rating refinements for Homeowners, which include a new by-peril rating plan and an innovative method of rating earthquake. We are strongly committed to providing customers with rating information that more precisely reflects a risk's exposure.

"Beyond that, our customers really value knowing they can contact a **product expert who knows them by name.**"



**Susan Luecke,**  
assistant vice president,  
personal lines

*"It is important that our programs stay **ahead of the curve** in addressing emerging exposures and implementing rating plan refinements."*

# The AAIS Homeowners Program

The AAIS Homeowners Program has all the components you need in a standardized product base, including some you won't get from other providers.

**The forms** are crafted with clarity and exacting precision to address emerging exposures, recent court cases, and trends in claims. The forms program includes:

- Seven base coverage forms: basic, broad, special, contents (renters), special building and contents, unit-owners, and limited perils;
- Endorsements for excluding coverage for canines, lead, pollutants, punitive and exemplary damages, and other causes of liability loss;
- Endorsements for limiting losses due to fungi (mold); and
- More than 75 other optional endorsements, plus all necessary state amendatory endorsements.

Our product specialists constantly scan the horizon for emerging exposures, court rulings, product innovations, and market trends that require clarification or modification of coverage terms.

As a result, the AAIS Homeowners forms frequently lead the industry with important innovations, including:

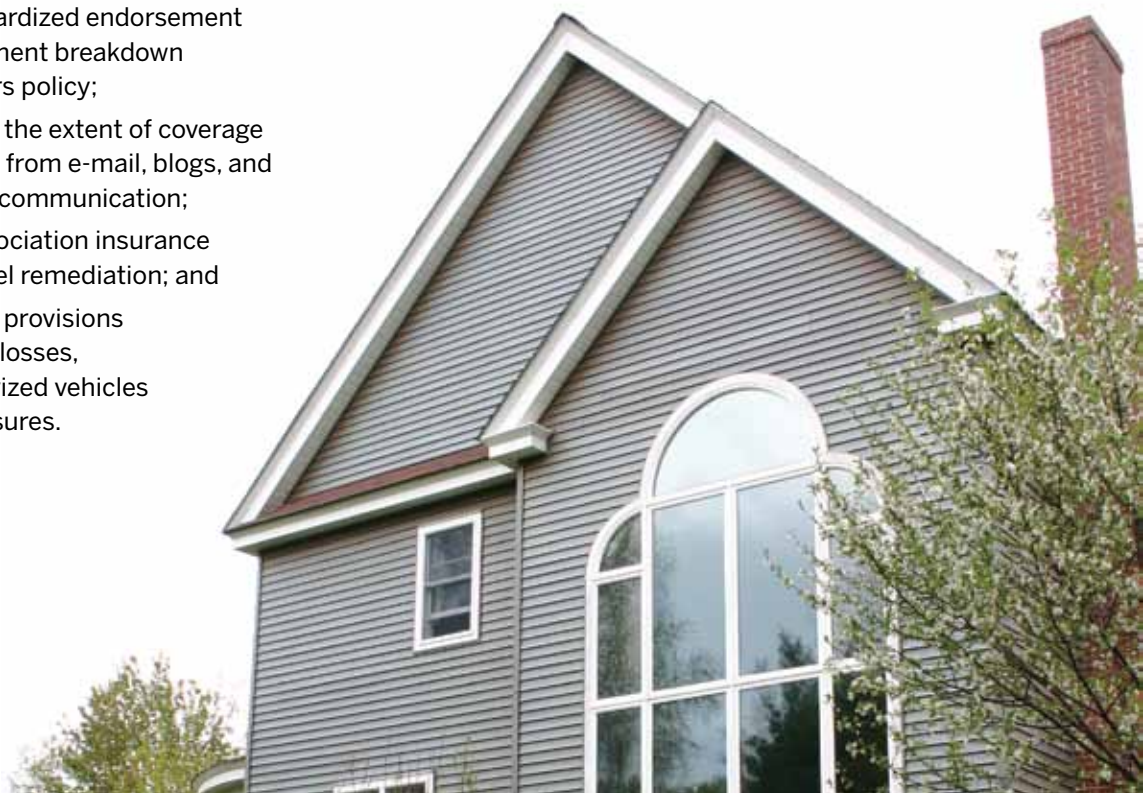
- The industry's first standardized endorsement options for adding equipment breakdown coverage to a homeowners policy;
- Policy language clarifying the extent of coverage for personal injury arising from e-mail, blogs, and other forms of electronic communication;
- Built-in coverages for association insurance deductibles, and liquid fuel remediation; and
- Important refinements to provisions addressing water-related losses, business activities, motorized vehicles and other changing exposures.

**Two manuals** are available under the AAIS Homeowners Program; choose one or the other, with or without a forms affiliation:

- The **Homeowners By-Peril Rating Plan** (described at right); or
- A traditional Homeowners Composite Rating Plan.

Both rating plans include features that demonstrate the breadth and depth of AAIS data resources and actuarial expertise:

- Loss costs based on a large volume of countrywide data
- Integration of modeled catastrophe data
- ZIP Code-based territorial definitions where permitted
- Separate wind-hail deductibles
- A loss experience rating plan
- New home and age of systems credits
- Enhanced earthquake rating plan



## The AAIS Homeowners By-Peril Rating Plan

Homeowners insurers are under intense competitive pressure to rate policies more precisely for the level of risk they pose. Those that fail to do so face adverse selection.

AAIS has responded to this need by filing the first by-peril rating plan developed for use by any insurer seeking to achieve the pricing “granularity” and “actuarial lift” needed to maintain favorable operating results in homeowners insurance.

The plan is the product of a multi-year, multi-million dollar investment by AAIS to acquire data and sophisticated statistical tools, and to cultivate the actuarial expertise needed to implement this industry-leading rating plan.

Filed countrywide on an advisory basis, the Homeowners By-Peril Rating Plan Manual consists of a multistate rules manual and state pages that provide:

- The state’s loss costs and rating factors;
- The state’s rating zone assignments;
- State-specific exceptions to the multistate rules; and
- Additional state-specific rules.

The plan uses a common rating algorithm for all perils, making it easy to incorporate the plan into company systems. The structure and design of the plan also makes it easy to add, delete, or modify perils.

Beyond its value for rating policies, the Homeowners By-Peril Rating Plan can serve as a tool to establish underwriting guidelines, marketing objectives, and reinsurance needs with precision.

### Data sets and workbooks

The plan’s rating information is also available as data sets in two formats:

- Microsoft® Excel workbooks, which include documentation describing the contents of the tables provided; and
- XML, the “extensible markup language” used to structure data according to common standards so data can be exchanged among multiple systems.

## *The plan is the product of a multi-year, multi-million dollar investment by AAIS.*

Of particular value to companies that use the Homeowners By-Peril Rating Plan are the additional Microsoft® Excel workbooks developed to help a company create its own manual pages. For each state, two workbooks are provided:

- One allows a company to test the application of loss cost multipliers, either as a single multiplier for the entire state or several multipliers that can vary by zone and/or peril; and
- Another includes rating zone assignments, relativities and relativity factors, and loss costs for mandatory and optional coverages. Companies can use the workbook to change rating zone assignments and/or modify the corresponding rating factors and loss costs.



## Other AAIS Personal Lines programs

The AAIS personal lines team also maintains six other programs of forms, manual rules, and rating information for risks that fall outside the parameters of homeowners and personal umbrella coverage.

- Mobile-Homeowners
- Personal Monolines
  - Dwelling Properties
  - Personal and Premises Liability
  - Personal Inland Marine
- Watercraft
  - Boatowners
  - Yacht

## The AAIS Personal Umbrella Program

This ready-made program allows companies to write personal umbrella liability coverage over an AAIS-based homeowners policy and any underlying auto, watercraft, or other personal liability policy. This program provides

- A base form;
- 22 multistate endorsement options;
- State amendatory endorsements;
- A sample manual;
- Sample declarations; and
- A sample schedule of underlying insurance.

The forms and endorsements are filed on a multistate basis on behalf of program affiliates.

Demonstrating AAIS's attention to detail, the personal umbrella base form includes several provisions designed to limit an umbrella carrier's exposure. These include, among others:

- An aggregate limit on coverage that is subject to an aggregate limit in underlying insurance. This avoids having the umbrella policy limits apply on a per occurrence basis when underlying coverage is capped by an aggregate limit.
- An exclusion of coverage for bodily injury, property damage, or personal injury arising out of "electronic aggression," drafted in the light of growing concern over "cyber-bullying."

Among other things, the program's endorsements address business and farm activities, and provide exclusions for designated premises, drivers, vehicles, watercraft, and more. Among the new endorsements recently added are the following:

- An option to provide "drop down" coverage for bodily injury or property damage arising from use of a non-owned recreational vehicle;
- An option to provide excess auto liability coverage for use of certain vehicles outside the U.S. and Canada; and
- Two options for excluding coverage for claims arising from canines.



## For more information

on AAIS personal lines programs, contact Rick Maka, Director of Marketing and Strategic Alliances at [rickm@AAISonline.com](mailto:rickm@AAISonline.com) or 800-564-AAIS, ext. 222

## Product Implementation and Maintenance Tools on *AAISdirect*

Along with core program components, AAIS insurance line programs come with Internet access to additional resources and services to help your company implement and maintain them efficiently:

- Side-by-side coverage comparisons, educational materials, and advisory information such as sample declarations and disclosure notices;
- The AAIS *Compliance Guide*, with state rate and form filing requirements and other compliance information;
- Data sets for easy downloading of rating information into company systems; and
- Automated rating worksheets for the nonfiled classes of inland marine.

## Consulting Services

- **Actuarial**  
Extensive data, statistical tools, and staff expertise to help companies enter new markets and implement more precise pricing.
- **Company Filings**  
Expertise in identifying compliance issues, drafting filing memos and supporting documents, and responding to objections.
- **Custom Programs**  
Product development expertise in modifying forms and rules to achieve your product and market objectives.

## Statistical Services

- **Compliance Reporting**  
Statistical plans designed to make reporting valuable, efficient, and economical.
- **Data Resource Center**  
Extensive risk-related data gathered from insurers and non-insurance sources available to be utilized by participating insurers.
- **Data Reports**  
Statistical and actuarial reports to help companies formulate marketing, underwriting, and pricing strategies.



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