

AAIS

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Line(s) of Insurance: **Agricultural Output**
Artisans
Businessowners
Commercial Inland Marine
Commercial Liability
Commercial Output

Bulletin Number: **03-0546**

Commercial Properties
Contractors & Developers Output
Crime
Glass
Inland Marine Guide

BULLETIN

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CALIFORNIA

CERTIFIED TERRORISM RATING INFORMATION PAGE AND RELATED RULES PAGE REVISED

The certified terrorism rating information that AAIS initially submitted to the California Department of Insurance (on manual page **Rating Information - 1, REV 1.0**) has been revised. New rating procedures, that were approved effective **November 26, 2003**, are shown on the attached **REV 1.1** pages. One page of the corresponding rules supplement (**Rules - 3**) has also been updated as a result of the rating information page amendments.

BACKGROUND

In our August 29, 2003 Product Advisory, companies were notified that it might be necessary for AAIS to amend the rating procedures that we had filed back in February, 2003 due to questions that were being raised by the California Department of Insurance. This bulletin is being sent to advise companies that, as anticipated, **Rating Information - 1 (Rev 1.0)** has been superseded by the new and different rating procedures identified below.

CHANGES

The procedures for rating the exposure that is retained by the company when certified terrorism coverage is provided now vary by program. Programs with similar procedures have been grouped together and are displayed on the same rating information page. The revision number for every rating information page (other than for Inland Marine Guide, which did not change) has been advanced to **1.1**. Although a charge was previously contemplated for the fire-following exposure that would continue to exist when certified terrorism coverage was rejected, that charge has now been eliminated. In addition to being deleted from the Rating Information pages, the reference to a fire-following charge has also been deleted from page 3 of the Terrorism rules.

The procedure for rating certified terrorism coverage for the Commercial Liability, Commercial Inland Marine (Filed Classes), and Glass programs has not changed. These three programs utilize the same rating methodology as that which has been filed by AAIS in all other states.

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The new rating procedure for the Agricultural Output, Commercial Properties, and Crime programs involves the addition and/or replacement of a step in the program's Premium Determination rule.

Separate rating steps are used to develop the liability and property charges for the Artisans and Businessowners programs, with the results being added together to derive a total charge.

The certified terrorism rating procedure has been made a sub-part of an existing manual rule for the Commercial Output and Contractors & Developers Output programs.

COMPANY ACTION

Rules

In order to adopt the Rev 1.1 AAIS rule supplement page, companies affiliated for rules must establish an effective date and make a reference filing with the California Insurance Department. All filings should include the required California state filing forms, and the applicable AAIS and CDI file numbers.

Rating Information

In order to adopt the AAIS rating material, all companies affiliated for rating information must convert the AAIS loss cost information to final rates, establish an effective date, and make a reference filing with the California Insurance Department. All filings should include the required California rate application, and the applicable AAIS and CDI file numbers. Companies that lack specific ratemaking data for the terrorism exposure can include a statement to this effect on their rate filing application, thereby citing the shortage of data as a reason why the company is relying upon the approved AAIS rating material to provide appropriate rates.

The AAIS and CDI rule and rating information file numbers are posted to our open web site at <http://www.aaisonline.com/terrorism/CA.html>. This bulletin and its attachments are also available on the AAIS web site, at <http://www.aaisonline.com/terrorism/newrules.html>.

INLAND MARINE GUIDE

No revisions have been made to the California Inland Marine Guide rating information page that was originally submitted. However, it too is being posted as a Bulletin attachment.

ATTACHMENTS

- Certified Terrorism Rules -- Page 3 (Rev 1.1)
- Certified Terrorism Rating Information for Commercial Inland Marine (Filed Classes), Commercial Liability, and Glass (Rev 1.1)
- Certified Terrorism Rating Information for Agricultural Output, Commercial Properties, and Crime (Rev 1.1)
- Certified Terrorism Rating Information for Artisans and Businessowners (Rev 1.1)
- Certified Terrorism Rating Information for Commercial Output (Rev 1.1)
- Certified Terrorism Rating Information for Contractors and Developers Output (Rev 1.1)
- Certified Terrorism Rating Information for Inland Marine Guide (Rev 1.0)

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