

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
SUPPLEMENT TO CALIFORNIA MANUALS**

**TERRORISM LOSSES -- RATING INFORMATION**

**Certified Terrorism Losses** -- To determine the additional premium charge for the portion of certified terrorism loss coverage that is retained by the company, multiply the total policy premium for all exposures in this state, after the application of IRPM credits or debits (if any), by the factor shown below for the applicable program.

<b>Program</b>	<b>Factor -- Coverage For Certified Terrorism Loss Accepted</b>
Commercial Inland Marine (Filed Classes)	.0275
Commercial Liability	.0300
Glass	.0275

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**TERRORISM LOSSES -- RATING INFORMATION**

**Certified Terrorism Losses** -- The premium determination process is amended as described below. The terrorism loss cost increment must be converted to a final rate by the application of the company loss cost multiplier.

**Agricultural Output Program** - Rule 8.1, Calculation of Basic Property Premium Charges, is amended by the following addition:

Step 5A Add a terrorism loss cost increment of \$0.001 to the Major Loss Load determined in Step 5. Use the result of this step in lieu of the Major Loss Load under Step 6.

**Commercial Properties Program** - Rule 18.8, Calculation of Premium, is amended by the following addition under sub-rule 18.8.1:

Step 1A Add a terrorism loss cost increment of \$0.001 to the base FIRE rate for the applicable class code and territory. Use the result of this step in lieu of the selected FIRE rate under Step 2.

**Crime Program** - Rule 4.3, Premium Determination, is amended as follows:

Add a terrorism loss cost increment of \$0.001 to the rating information selected for the applicable Crime Coverage. Use the result to complete the premium determination process.

# AMERICAN ASSOCIATION OF INSURANCE SERVICES SUPPLEMENT TO CALIFORNIA MANUALS

## TERRORISM LOSSES -- RATING INFORMATION

**Certified Terrorism Losses** -- Use the process described below for each line of insurance to determine the additional premium charge for the portion of certified terrorism loss coverage that is retained by the company. The terrorism loss cost, when applicable, must be converted to a final rate by the application of the company loss cost multiplier.

### **Artisans Program:**

- Step 1 Multiply the total liability premium, after the application of IRPM credits or debits, by a factor of .03.
- Step 2 Multiply the Building limit (if applicable), in thousands, by the terrorism loss cost of \$0.01.
- Step 3 Multiply the Business Personal Property limit (if applicable), in thousands, by the terrorism loss cost of \$0.01.
- Step 4 Add the results of Steps 1 through 3.

### **Businessowners Program:**

- Step 1 To determine the liability portion of the terrorism premium, multiply the total policy premium, after the application of IRPM credits or debits (if any), by a factor of .015.
- Step 2 To determine the building property portion of the terrorism premium, multiply the Building limit, in thousands, by the terrorism loss cost of \$0.01.
- Step 3 To determine the business personal property portion of the terrorism premium, multiply the Business Personal Property limit, in thousands, by the terrorism loss cost of \$0.01.
- Step 4 Add the results of Steps 1 through 3.

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## TERRORISM LOSSES -- RATING INFORMATION

**Certified Terrorism Losses** -- Rule 6.4, Total Premium Charge, is amended by the addition of Rule 6.4.1.

### 6.4.1 Terrorism

Multiply the terrorism loss cost increment of .001 by the company loss cost multiplier to obtain the terrorism rate.

Multiply the total values for building and business personal property per 100 by the terrorism rate to obtain the terrorism premium for building and business personal property.

If Income Coverage applies, multiply the terrorism rate by the appropriate factor from Table F for income coverage to obtain the terrorism rate for income coverage. Multiply the limit for income coverage per 100 by the terrorism rate for income coverage to obtain the terrorism premium for income coverage.

If Extra Expense Coverage applies, multiply the terrorism rate by the appropriate factor from Table F for extra expense to obtain the terrorism rate for extra expense. Multiply the limit for extra expense coverage per 100 by the terrorism rate for extra expense to obtain the terrorism premium for extra expense.

Add the terrorism premiums, if applicable, for building and business personal property, income coverage, and extra expense to obtain the total terrorism premium.

Add the total terrorism premium to the result of Step 6.4 to obtain the total policy premium including terrorism.

# AMERICAN ASSOCIATION OF INSURANCE SERVICES SUPPLEMENT TO CALIFORNIA MANUALS

## TERRORISM LOSSES -- RATING INFORMATION

**Certified Terrorism Losses** -- Rule 6.5, Total Premium Charge, is amended by the addition of Rule 6.5.1.

### 6.5.1 Terrorism

Multiply the terrorism loss cost increment of .001 by the company loss cost multiplier to obtain the terrorism rate.

Multiply the total values for building and business personal property per 100 by the terrorism rate to obtain the terrorism premium for building and business personal property.

If Income Coverage applies, multiply the terrorism rate by the appropriate factor from Table F for income coverage to obtain the terrorism rate for income coverage. Multiply the limit for income coverage per 100 by the terrorism rate for income coverage to obtain the terrorism premium for income coverage.

If Extra Expense Coverage applies, multiply the terrorism rate by the appropriate factor from Table F for extra expense to obtain the terrorism rate for extra expense. Multiply the limit for extra expense coverage per 100 by the terrorism rate for extra expense to obtain the terrorism premium for extra expense.

Add the terrorism premiums, if applicable, for building and business personal property, income coverage, and extra expense to obtain the total terrorism premium.

Add the total terrorism premium to the result of Step 6.5 to obtain the total policy premium including terrorism.

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
SUPPLEMENT TO INLAND MARINE GUIDE - CALIFORNIA**

**TERRORISM LOSSES -- RATING INFORMATION**

**Certified Terrorism Losses** -- To determine the additional premium charge for the portion of certified terrorism loss coverage that is retained by the company, multiply the total policy premium for all exposures in this state, after the application of IRPM credits or debits (if any), by the factor shown below for the applicable program.

<b>Program</b>	<b>Factor -- Coverage For Certified Terrorism Loss Accepted</b>
Inland Marine Guide (not applicable to Yacht)	.0275