

SERFF Tracking Number: AMLX-125303643 State: Arkansas
Filing Company: American Alternative Insurance Corporation State Tracking Number: AR-PC-07-026208
Company Tracking Number: ML AR0225701R01
TOI: 05.2 Commercial Multi-Peril - Liability Portion Sub-TOI: 05.2003 Commercial Package
Only
Product Name: Management Portfolio Product
Project Name/Number: Initial Product Filing/ML AR0225701R01

Filing at a Glance

Company: American Alternative Insurance Corporation

Product Name: Management Portfolio Product SERFF Tr Num: AMLX-125303643 State: Arkansas
TOI: 05.2 Commercial Multi-Peril - Liability Portion Only SERFF Status: Closed State Tr Num: AR-PC-07-026208
Sub-TOI: 05.2003 Commercial Package Co Tr Num: ML AR0225701R01 State Status:
Filing Type: Rate Co Status: Reviewer(s): Betty Montesi, Edith Roberts
Author: SPI Disposition Date: 10/01/2007
AmericanAlternativeInsurance
Date Submitted: 09/25/2007 Disposition Status: Filed
Effective Date Requested (New): 10/15/2007 Effective Date (New):
Effective Date Requested (Renewal): Effective Date (Renewal):

General Information

Project Name: Initial Product Filing Status of Filing in Domicile: Authorized
Project Number: ML AR0225701R01 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 10/01/2007
State Status Changed: 09/25/2007 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
American Alternative Insurance Corporation (AAIC) is introducing a new "Management Portfolio" product for your review and approval. This is a newly developed product, designed for the following business segments:

Religious Institutions
Educational Institutions
Social Service Organizations

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The Management Portfolio product consists of the following coverage parts:

Management Liability
Educator's Management Liability
Social Service and Healthcare Professional Liability
Sexual Abuse Liability
Fiduciary Liability
Miscellaneous Professional Liability

Details on eligibility and the applicability of each of the coverage parts to the three business segments are outlined in the enclosed rate/rule manual. As required, the companion forms have been submitted under separate cover.

Enclosed for you review is the following:

Rates and Rules:

Management Portfolio - Rate/Rule Manual (countrywide pages MP-CW-1 through MP-CW-84). Please refer to Table of Contents for details

Management Portfolio - State Exception Pages

Explanatory Memorandum - Rate Development

This filing has no impact on existing AAIC policyholders, as this is a new market segment for AAIC.

Company and Contact

Filing Contact Information

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Filing Company Information

American Alternative Insurance Corporation CoCode: 19720 State of Domicile: Delaware
555 College Road East Group Code: 361 Company Type:

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Princeton,, NJ 08543-5241 Group Name: Munich Re Group State ID Number:
(800) 305-4954 ext. [Phone] FEIN Number: 52-2048110

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Filing Fees

Fee Required? Yes
Fee Amount: \$125.00
Retaliatory? No
Fee Explanation: \$100 Rates / \$25 Rules
Payment Amount: \$125.00 (KS-091207Y)
E-Check # : 17006183
E-Check Date: 09/18/2007
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Alternative Insurance Corporation	\$125.00	09/25/2007	15795592

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	10/01/2007	10/01/2007

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Disposition

Disposition Date: 10/01/2007
 Effective Date (New):
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
American Alternative Insurance Corporation	0.000%	\$0	0	\$0	0.000%	0.000%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Rate/Rule EM	Filed	Yes
Supporting Document	AR - NAIC P&C TRANSMITTAL DOCUMENT, AR - NAIC RATE RULE FILING SCHEDULE	Filed	Yes
Rate	Countrywide Rate/Rule Manual Pages	Filed	Yes
Rate	Arkansas State Exceptions	Filed	Yes

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: Neutral
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
American Alternative Insurance Corporation	%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Countrywide Rate/Rule Manual Pages	MP-CW-1-84	New	MP-CW-1-84.PDF
Filed	Arkansas State Exceptions	RU AR-1--10; RT AR-1	New	RU AR-1--10; RT AR-1.PDF

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RULES COUNTRYWIDE

SECTION I – GENERAL RULES – MANAGEMENT PORTFOLIO POLICY

1. APPLICATION OF THIS MANUAL

A. Contents

Section I contains the general rules that apply to all coverage parts that can be written as part of the Management Portfolio Policy.

Section II contains the general rules for the individual coverage parts that can be included in this Portfolio policy.

B. Eligibility

1. The Management Portfolio Policy may be written for any privately held for-profit corporation or not-for-profit entity as follows:
 - a. Social Service privately held for-profit corporations or not for profit entities can be written with the following coverage parts:
 - (1) Management Liability Coverage Part
 - (2) Social Service and Healthcare Professional Liability Coverage Part - Mandatory coverage part
 - (3) Sexual Abuse or Molestation Liability Coverage Part
 - (4) Fiduciary Liability Coverage Part
 - (5) Miscellaneous Professional Liability Coverage Part.
 - b. Educational privately held for-profit corporations or not for profit entities can be written with the following coverage parts:
 - (1) Educator's Management Liability Coverage Part - Mandatory coverage part
 - (2) Social Service and Healthcare Professional Liability Coverage Part
 - (3) Sexual Abuse or Molestation Liability Coverage Part
 - (4) Fiduciary Liability Coverage Part
 - (5) Miscellaneous Professional Liability Coverage Part.
 - c. Religious privately held for-profit corporations or not for profit entities can be written with the following coverage parts:

- (1) Management Liability Coverage Part - Mandatory Coverage part
 - (2) Social Service and Healthcare Professional Liability Coverage Part
 - (3) Sexual Abuse or Molestation Liability Coverage Part
 - (4) Fiduciary Liability Coverage Part
 - (5) Miscellaneous Professional Liability Coverage Part.
2. The Management Liability Coverage Part can be written individually for Religious Institutions or in combination with any of the other coverage parts, other than the Educator's Management Liability Coverage Part, specified in Paragraph **1.c**.
 3. The Educational Management Coverage Part can be written individually for Educational Institutions or Religious and Educational Institutions or in combination with any of the other coverage parts, other than the Management Liability Coverage Part, specified in Paragraph **1.b**.
 4. The Social Service and Healthcare Professional Liability Coverage Part can be written individually for Social Service Institutions or in combination with any of the other coverage parts specified in Paragraphs **1.a.**, **1.b.**, or **1.c**.

Note: The Management Liability Coverage Part and the Educator's Management Liability Coverage Part cannot be written together under a single Management Portfolio Policy. However, for Religious Institutions with an educational operation that comprises more than 25% of the total annual revenue of the Religious Institution, a separate Educator's Management Liability policy may be issued to cover the educational operation.

5. The Sexual Abuse or Molestation Coverage Part, Fiduciary Liability Coverage Part and the Miscellaneous Professional Liability Coverage Part cannot be written individually but must be written in conjunction with one of the coverage parts specified in Paragraphs **2.**, **3.**, or **4**.

C. Coverage Parts

All rules, rates, and rating procedures which apply to the individual coverage parts of the Management Portfolio Policy are contained within this manual.

D. Sections

This Manual is divided into separate sections for:

1. Section I – General Rules – Management Portfolio Policy
2. Section II – General Rules – Coverage Parts Rated In This Policy
3. Section III – Management Liability Coverage Part

4. Section **IV** – Educator's Management Liability Coverage Part
5. Section **V** – Social Service and Healthcare Professional Liability Coverage Part
6. Section **VI** – Sexual Abuse or Molestation Liability Coverage Part
7. Section **VII** – Fiduciary Liability Coverage Part
8. Section **VIII** – Miscellaneous Professional Liability Coverage Part
9. Rating Factors
10. Classification Table
11. Rating Examples Appendix
12. Countrywide Rates
13. Management Portfolio – Individual Risk Premium Modification Plans

2. EFFECTIVE DATE

The date shown on the bottom of the Manual page is a printing date and not necessarily the effective date.

3. POLICY TERM

- A.** The Management Portfolio Policy may be written on an annual basis.

4. PREMIUM COMPUTATION

The premium for the Management Portfolio Policy is determined by adding together the separate premiums (or minimum premiums, if applicable) developed for each Coverage Part.

5. POLICY WRITING MINIMUM PREMIUM

For each Coverage Part included in the Management Portfolio Policy, use the applicable minimum premium shown in the countrywide rate pages for the respective Coverage Part when the actual premium is less than the minimum premium.

6. NAMED ORGANIZATION

The term Named Organization as used in the manual means the Named Organization or Named Insured.

7. – 9. RESERVED FOR FUTURE USE

SECTION II – GENERAL RULES – COVERAGE PARTS RATED IN THE MANAGEMENT PORTFOLIO

10. APPLICATION OF THIS SECTION

A. Contents

This Section contains the general rules that apply to all coverage parts rated in the Management Portfolio policy.

B. Rule And Rate Exceptions

Refer to state exceptions for any exception to the rules or rates contained in this Manual.

11. COMPANY RATES

All rules in this Manual are designed to be utilized with rates.

12. PREMIUM COMPUTATION

A. Prepaid Policies

1. Compute the premium separately for each year (or the prorated portion thereof) and total the premiums, using the annual rates in effect at the policy inception.
2. If the term of the policy is less than one year, multiply the premium determined in Paragraph **A.1.** by 1.10 unless the policy is issued to obtain a common anniversary date with other policies.

13. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

14. ROUNDING PROCEDURE

A. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five tenths or more of a mill shall be considered one mill, for example, .1245 = .125.

B. Premium

Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar, for example, \$.50 = \$1.00.

15. INTERPOLATION RULE

The following interpolation procedure should be used in determining factors that are not shown in the applicable table:

A. Determine the factor in the table for the next lower and higher limit/amount
Lower factor X_L
Higher factor X_H

B. Determine the units for the lower and higher limit/amount
Lower limit/amount Y_L
Higher limit/amount Y_H

C. Determine the new factor for the new limit/amount
New limit/amount Y
New factor X (calculated in step D)

D. Interpolation calculation

$$X = \frac{X_L * (Y_H - Y) + X_H * (Y - Y_L)}{Y_H - Y_L}$$

Refer to the Rating Examples Section for an example of the interpolation rule application.

16. FULL TIME EQUIVALENTS

Some of the coverages included in this Management Portfolio Policy are based on Full Time Equivalents (FTEs). To determine the number of full-time equivalents add the total number of full-time employees, plus 1/2 of the total number of part-time employees plus 1/2 of the total number of volunteers. The sum is the total number of FTEs. 1/2 of an FTE should be rounded to the next highest whole number.

17. COVERAGE PART MINIMUM PREMIUM

A. Definition

The Coverage Part Minimum Premium is the lowest amount of premium for which a coverage part may be written and such amount is not subject to adjustment for any reason.

B. Prepaid Policies

1. Refer to the Countrywide Rate Section of this manual for the minimum premium applicable to each coverage part.
2. Apply a minimum premium regardless of term.

18. ADDITIONAL PREMIUM CHANGES

A. Calculation Of Premium

1. Prorate all changes requiring additional premium.

2. Apply the rates and rules in effect on the effective date of the policy. The additional premium developed is in addition to any applicable minimum premium.

B. Waiver Of Premium

1. Additional premiums at or below a specified amount may be waived. For the maximum amount to be waived, refer to the Countrywide Rate Section of this Manual.
2. This waiver applies only to that portion of the premium due on the effective date of the policy change.

19. RETURN PREMIUM CHANGES

A. Premium Computation

1. Compute return premium at the rates used to calculate the policy premium.
2. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or a limit of liability is reduced.

B. Waiver Of Premium

1. Return premiums at or below a specified amount may be waived. For the maximum amount to be waived, refer to the Countrywide Rate Section of this Manual.
2. This waiver applies only to that portion of the return premium due on the effective date of the policy change.
3. Any return premium due the named organization must be granted if the named organization requests it.

20. CANCELLATION

A. Pro Rata Calculation

Compute return premium pro rata and round to the next higher whole dollar when the policy is canceled:

1. At the insurance company's request.
2. And rewritten in the same company or company group.

B. Other Calculations

If Paragraph **A.** does not apply, compute return premium as follows:

1. Prepaid Policies

If canceled during the year, compute the return premium at .90 of the pro rata unearned premium.

C. Policies With Term Less Than One Year

Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar.

21. RESIDENT AGENT COUNTERSIGNATURE

If a resident agent's countersignature is required by state law, use Resident Agent Countersignature Endorsement **CVL 0503** unless state law prohibits use of such an endorsement or restricts such use as to make it inappropriate.

22. DESCRIPTION OF ADDITIONAL ENDORSEMENTS

A. Mandatory Endorsements

1. Exclusion – Nuclear Energy Liability Endorsement **CVL 0501**
2. Common Policy Conditions Form **CVL 0502**

B. General Use Endorsements

1. Policy Changes Endorsement **CVL 0530**

To make changes in the policy, use Policy Changes Endorsement **CVL 0530**.

23. APPLICATION OF THE MANAGEMENT PROTECTION – INDIVIDUAL RISK PREMIUM MODIFICATION PLANS

The Management Portfolio – Individual Risk Premium Modification Plans may be afforded to the premiums developed for the individual coverage parts that are rated in the Management Portfolio Policy. Refer to the Individual Risk Premium Modification pages for the rules and table of factors for each coverage part.

24. TERRORISM ENDORSEMENT OPTIONS – FEDERAL BACKSTOP

Certified acts of terrorism coverage is provided under the Management Liability Coverage Part and the Educator's Management Liability Coverage Part.

A. List of available terrorism coverage endorsements:

1. Attach Cap on Losses From Certified Acts **CVL 0520** to provide certified acts of terrorism coverage under the Management Liability and Educator's Management Coverage Parts.

2. Attach **Terr 09** Disclosure of Premium notice when **CVL 0520** is attached to either the Management Liability or the Educator's Management Liability Coverage Parts.

B. List of available terrorism exclusion endorsements:

1. Attach Conditional Exclusion of Terrorism **CVL 0510** to exclude terrorism acts if TRIA is not renewed or renewed with different conditions. This endorsement is only attached to the Management Liability or Educator's Management Liability Coverage Part.
2. Attach Conditional Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism **CVL 0511** to exclude certain types of terrorism if TRIA is not renewed or renewed with different conditions. This endorsement is only attached to the Management Liability or Educator's Management Liability Coverage Part.
3. To exclude terrorism on all coverage parts other than the Management Liability or Educator's Management Liability coverage parts and the policy has an effective date prior to 1/1/08 attach Exclusion of Terrorism **CVL 0512 01 07**.
4. To exclude terrorism on all coverage parts for policies issued with an effective date of 1/1/08 or later, attach Exclusion of Terrorism **CVL 0512 01 08**.
5. To exclude certain acts of terrorism on all coverage parts other than the Management Liability or Educator's Management Liability coverage parts, for policies issued with an effective date prior to 1/1/08 attach Exclusion of Terrorism involving Nuclear, Biological or Chemical Terrorism **CVL 0513 01 07**.
6. To exclude certain acts of terrorism on all coverage parts for policies issued with an effective date of 1/1/08 or later, attach Exclusion of Terrorism involving Nuclear, Biological or Chemical Terrorism **CVL 0513 01 08**.

25. – 29. RESERVED FOR FUTURE USE

SECTION III - MANAGEMENT LIABILITY

30. MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** The Management Liability Coverage Part is comprised of one of three Coverage Forms written on a claims-made basis:

Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003** provide four coverages. Coverage **A** applies to liability arising out of claims for wrongful acts or interrelated wrongful acts committed by the named organization's insured persons. Coverage **B** is an organization reimbursement coverage that applies to claims for which the named organization is legally obligated to indemnify its insured persons when such claims involve wrongful acts or interrelated wrongful acts committed by them. Coverage **C** is an organization liability coverage and provides direct coverage to the organization for all covered claims for wrongful acts or interrelated wrongful acts committed by the named organization. Coverage **D** provides limited claims expense reimbursement for certain non covered claims.

- B.** For details of coverage refer to:

1. Management Liability Coverage Form - Defense Expenses Within Limits - **MP 2001**; Management Liability Coverage Form - **MP 2002**; or Management Liability Coverage Form - Separate Limits for Defense and Loss - **MP 2003**.
2. Refer to mandatory forms:
 - a. Exclusion – Nuclear Energy Liability Endorsement **CVL 0501**
 - b. Common Policy Conditions Form **CVL 0502**

- C.** Use the:

1. Common Declarations For the Appropriate Risk Type;
2. Coverage Form;
3. Common Policy Conditions Form and the Exclusion - Nuclear Energy Liability Endorsement;
4. Applicable Endorsements (including those required for use in a particular state);
5. Coverage Part Declarations; and
6. Application(s);

to make up the Management Liability Coverage Part.

31. MANAGEMENT LIABILITY COVERAGE PART – BASE COMPANY RATES AND PREMIUM

A. Basic Limit

The basic limit is an amount of insurance upon which company rates are based. The selected limit of liability applies to the total of all claims first made against an insured person or the named organization during the policy period. It applies separately to each consecutive annual period. All claims arising out of the same wrongful act or interrelated wrongful acts committed by the named organization's insured persons shall be considered a single claim.

A flat premium charge applies to all risks. In addition, there is a second premium calculation based on the total number of FTEs. Refer to Rule 16 for an explanation of this term. The base rates are shown at a \$1,000,000 basic limit. The flat premium charge and the base rates are shown in the Countrywide Rate Section of the manual.

B. Classification Factor

Based on the type of risk, a classification factor is applied to the base premium. Refer to the Rating Factor Section to determine the appropriate factor.

C. Deductible

For the Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003**, the base rates reflect a \$0 deductible provision for Coverage **A**, a \$5,000 deductible provision for Coverages **B** and **C**, and a **\$2,500** deductible for Coverage **D**.

The deductible amount for Coverages **B** and **C**, may be increased or decreased. Refer to Rule 35. Management Liability Coverage Part – Deductibles.

D. Increased Limits

Refer to Rule 34. Management Liability Coverage Part – Increased Limits.

E. Claims-Made Multipliers

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates costs are on a mature claims-made basis. Mature claims-made rates are defined as 5 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "5 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

F. Other Than Not-For-Profit Modifier

Apply a modifier to Other Than Not-For-Profit organizations. Refer to the Rating Factor Section for the Other Than Not-For-Profit modifier.

G. Defense Expense Adjustment Factor

The base rates for the Management Liability Coverage are determined on a defense expense within limits basis. Form **MP 2002** provides coverage for defense expenses outside the limit and Form **MP 2003** provides a separate limit for defense expenses. To convert the base premium apply the applicable factor to the premium. Refer to the Rating Factor Section for the factors.

32. MANAGEMENT LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge is the total number of FTEs in addition to a flat premium charge. Refer to Rule 16. for an explanation of FTEs.

33. MANAGEMENT LIABILITY COVERAGE PART – PREMIUM DETERMINATION

For Management Liability Coverage Forms **MP 2001**, **MP 2002** and **MP 2003**.

- A.** Refer to the Countrywide Rates Section of this manual. Determine the applicable flat premium charge.
- B.** Determine the total number of FTEs. Determine the premium for each FTE size category from the table displayed in the Countrywide Rate Section. Note: When developing the premium from the table, it is necessary to calculate the premium for each size category.
- C.** Subtotal the FTE size premium(s) and the flat charge premium.
- D.** Multiply by any or all of the following that are applicable:
 - 1. Applicable classification factor - (see Rule **31.B.**);
 - 2. Appropriate increased limits factor (see Rule **34.B.**);
 - 3. Deductible discount factor (see Rule **35.C.**);
 - 4. Claims-made multiplier (see Rule **31.E.**);
 - 5. Other Than Not-For-Profit modifier (see Rule **31.F.**);
 - 6. Defense expense modifier (see Rule **31.G.**);

to produce the premium.

- E. Determine any other additional premiums.
- F. Add the premium(s) determined in Paragraphs **D.** and **E.** to obtain the total premium.
- G. The premium developed in Paragraph **F.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.
- H. Use the premium developed in Paragraph **G.** or the minimum premium applicable to the Management Liability Coverage Part, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this manual.

34. MANAGEMENT LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003**.

- A. All limits are expressed in thousands of dollars.
- B. For the applicable increased limits factors for Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003** refer to Table **34.B.** in the Rating Factors Section of this manual.
- C. Use the interpolation procedure outlined in Rule 15 for limits that are not shown in the table.

The increased limits factors are displayed in the Rating Factors Section of this Manual.

35. MANAGEMENT LIABILITY COVERAGE PART – DEDUCTIBLES

A. Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards defense expenses and the amount paid as loss.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of the named organization applies only to the amount of loss and claims expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible amount will apply to loss resulting from all claims alleging the same wrongful act or interrelated wrongful acts.

The deductible is applied to the loss which includes defense expenses.

- C. Deductible Discount Factors for the Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003**.

1. The deductible discount factors for the Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003** are displayed in the Rating Factors Section of this Manual. The deductible discount is based on the deductible amount applicable to Coverages **B** and **C**.
2. Use the interpolation procedure outlined in Rule 15 for amounts that are not shown in the table

36. MANAGEMENT LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

- A.** If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section **VI** – Condition **B**. - Extended Reporting Period of the Management Liability Coverage Forms **MP 2001**, **MP 2002**, and **MP 2003** are met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Supplemental Extended Reporting Period Endorsement **MP 2030** for an additional premium. The named organization must request the appropriate endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B.** The premium for Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.
- C.** There is no separate or additional Limit of Liability for the Extended Reporting Period.

37. MANAGEMENT LIABILITY COVERAGE PART – RETROACTIVE DATE

- A.** The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B.** If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

38. MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

A. Coverage Amendment Endorsement(s)

1. Coverage Extension – Liability to Volunteers **MP 2020**

This endorsement broadens the definition of wrongful employment practices act to include discrimination directed at a volunteer by an insured person. Refer to the Countrywide Rate Section of this manual for the premium.

2. Amendment – Designated Employee Professionals MP 2021

This optional endorsement deletes the professional liability exclusion for named employee professionals for wrongful acts that occur after the inception date of the policy. Refer to Miscellaneous Professional Liability Section **VIII** to calculate the premium for these professionals.

3. Coverage Extension – Outside Service MP 2022

This optional endorsement modifies the coverage form by providing coverage for those insureds who serve on outside boards on behalf of or at the request of the named organization. There is no charge for this endorsement.

4. Coverage Extension – Publication Services Endorsement MP 2023

This optional endorsement modifies the coverage form by providing coverage for publication on the Internet or on similar electronic means of communications. Refer to the Countrywide Rate Section of this manual for the premium.

B. Exclusion Endorsements

1. Exclusion - Pending or Prior Litigation (Newly Acquired Subsidiaries CVL 0516)

This endorsement excludes loss resulting pending or prior litigation of newly acquired subsidiaries. There is no premium credit for this endorsement.

2. Exclusion - Specific Litigation or Incident CVL 0517

This endorsement excludes loss for litigation in progress or known named incidents. There is no premium credit for this endorsement.

3. Exclusion - Initial Public Offering MP 2010

This endorsement excludes loss resulting from any claims arising from an IPO. There is no premium credit for this endorsement.

4. Exclusion - Antitrust MP 2011

This endorsement excludes loss resulting from antitrust claims. There is no premium credit for this endorsement.

5. Exclusion - Intellectual Property Liability MP 2012

This endorsement excludes loss resulting from any claims arising from trademark violations or licensing infringement. There is no premium credit for this endorsement.

6. Loss Redefined - Exclusion Of Punitive Damages MP 2013 or MP 2014

Use **MP 2013** when **MP 2001** is attached to the policy. Use **MP 2014** when either **MP 2002** or **MP 2003** is attached to the policy. These endorsements clarify that punitive damages are not considered covered loss.

7. Exclusion – Affiliation Endorsement MP 2015

This endorsement excludes coverage for claims by affiliates. There is no premium credit for this endorsement.

8. Exclusion – Utility Service Endorsement MP 2016

This endorsement excludes loss resulting from claims arising out of failure of the organization to supply utility service as required by contract. There is no premium credit for this endorsement.

8. Exclusion - Specific Subsidiary MP 2017

Coverage may be restricted for claims brought against the insured persons or the organization for their service in the specific subsidiary. There is no premium credit for this endorsement

39. RESERVED FOR FUTURE USE

SECTION IV - EDUCATOR'S MANAGEMENT LIABILITY

40. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** The Educator's Management Liability Coverage Part is comprised of one Coverage Form written on a claims-made basis. There are three versions of Educator's Management Liability Coverage Form: Educator's Management Liability Coverage Form - Defense Expense Within Limits - **MP 3001**, Educator's Management Liability Coverage Form - **MP 3002** and Educator's Management Liability Coverage Form - (Separate Limits for Defense and Loss) - **MP 3003**.

The Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003** provide three coverages. Coverage **A** applies to liability arising out of claims for wrongful acts or interrelated wrongful acts committed by the named organization and its insured persons. Coverage **B** applies to claims for employment practices wrongful acts or interrelated wrongful acts committed by the named organization or its insured persons. Coverage **C** provides limited claims expense reimbursement for certain types of non covered claims.

- B.** For details of coverage refer to:

1. Educator's Management Liability Coverage Form - Defense Expense Within Limits - **MP 3001**; Educator's Management Liability Coverage Form - **MP 3002**; or Educator's Management Liability Coverage Form - (Separate Limits for Defense and Loss) - **MP 3003**.
2. Refer to mandatory forms:
 - a. Exclusion – Nuclear Energy Liability Endorsement **CVL 0501**
 - b. Common Policy Conditions Form **CVL 0502**

- C.** Use the:

1. Common Declarations for the appropriate risk type;
2. Coverage Form;
3. Common Policy Conditions Form and the Exclusion - Nuclear Energy Liability Endorsement;
4. Applicable endorsements (including those required for use in a particular state);
5. Coverage Part Declarations; and
6. Application(s);

to make up the Educator's Management Liability Coverage Part.

41. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – BASE RATES

A. Basic Limit

The basic limit is an amount of insurance upon which company rates are based. The selected limit of liability applies to the total of all claims first made against an insured person or the named organization during the policy period. It applies separately to each consecutive annual period. All claims arising out of the same wrongful act or interrelated wrongful acts committed by the named organization's insured persons shall be considered a single claim.

Coverage **A** and Coverage **B** have separate limits of insurance and aggregates.

The Coverage **A** base premium calculation is based on the total number of students. The base rates are shown at a \$1,000,000 basic limit. The base rates are shown in the Countrywide Rate Section of this manual. The Coverage **B** base premium calculation is based on the total number of FTEs. Refer to Rule 16. for an explanation of FTEs. The base rates are shown at a \$1,000,000 basic limit. The base rates are shown in the Countrywide Rate Section of this manual.

B. Classification Factor

Based on the type of risk, a classification factor is applied to the base premium. Refer to the Rating Factor Section to determine the appropriate factor.

C. Deductible

For the Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003**, the base rates reflect a \$5,000 deductible provision for Coverage **A**, a \$2,500 deductible provision for Coverage **B** and a **\$2,500** deductible for Coverage **C**.

The deductible amounts for Coverage **A** and Coverage **B** may be increased or decreased. Refer to Rule 45. Educator's Management Liability Coverage Part – Deductibles.

D. Increased Limits

Refer to Rule 44. Educator's Management Liability Coverage Part – Increased Limits.

E. Claims-Made Multipliers

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates costs are on a mature claims-made basis. Mature claims-made rates are defined as 5 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "5 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

F. Other Than Not-For-Profit Modifier

Apply a modifier to all Other Than Not-For-Profit organizations. Refer to the Rating Factor Section of this manual for the Other Than Not-For Profit modifier.

G. Defense Expense Adjustment Factor

The base rates for the Educator's Management Liability Coverage are determined on a defense expense within limits basis. Form **MP 3002** provides coverage for defense expenses outside the limit and Form **MP 3003** provides a separate limit for defense expenses. To convert the base premium apply the applicable factor to the base premium. Refer to the Rating Factor Section for the factors.

42. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge for Coverage A is the total number of students. For Coverage B, the basis used for determining the premium charge is the total number of FTEs. Refer to Rule 16. for an explanation of FTEs.

43. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – PREMIUM DETERMINATION

Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002** and **MP 3003**:

COVERAGE A PREMIUM DETERMINATION

- A.** Determine the total number of students. Determine the premium for each student size category from the table displayed in the Countrywide Rate Section of this manual.
- B.** Subtotal the student size premium(s).
- C.** Multiply by any or all of the following that are applicable:
 - 1. Applicable classification factor - (see Rule **41.B.**);
 - 2. Increased limits factor (see Rule **44.B.**);

3. Deductible discount factor (see Rule **45.C.**);
4. Claims-made multiplier (see Rule **41.E.**);
5. Other Than Not-For-Profit modifier (see Rule **41.F.**);
6. Defense expense modifier (see Rule **41.G.**);

to produce the premium.

- D. Determine any other additional premiums.
- E. Add the premium(s) determined in Paragraphs **C.** and **D.** to obtain the total Coverage **A** premium.

COVERAGE B PREMIUM DETERMINATION

- F. Determine the total number of employees. Determine the premium for each FTE size category from the table displayed in the Countrywide Rate Section.
- G. Subtotal the employee size premium(s).
- H. Multiply by any or all of the following that are applicable:
 1. Applicable classification factor - (see Rule **41.B.**);
 2. Multiply by the appropriate increased limits factor (see Rule **44.B.**);
 3. Deductible discount factor (see Rule **45.C.**);
 4. Claims-made multiplier (see Rule **41.E.**);
 5. Other Than Not-For-Profit modifier (see Rule **41.F.**);
 6. Defense expense modifier (see Rule **41.G.**);

to produce the premium.

- I. Determine any other additional premiums.
- J. Add the premium(s) determined in Paragraphs **H.** and **I.** to obtain the total Coverage **B** premium.

FINAL PREMIUM DETERMINATION

- K. The premium developed in Paragraph **J.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.

- L. Use the premium developed in Paragraph **K.** or the minimum premium applicable to the Educator's Management Liability Coverage Part, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this manual.

44. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Coverage **A** and Coverage **B** of the Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003**.

- A. All limits are expressed in thousands of dollars.
- B. For the applicable increased limits factors for Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003** refer to Table **44.B.** in the Rating Factors Section of this manual.
- C. Use the interpolation procedure outlined in Rule 15 for limits that are not shown in the table.
- D. The limit for Coverage **B** cannot be greater than the limit for Coverage **A**.

The increased limits factors are displayed in the Rating Factors Section of this Manual.

45. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – DEDUCTIBLES

A. Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards defense expenses and the amount paid as loss.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of the named organization applies only to the amount of loss and claims expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible amount will apply to loss resulting from all claims alleging the same wrongful act or interrelated wrongful acts.

The deductible is applied to the loss which includes defense expenses.

C. Deductible Discount Factors for the Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003**.

1. The deductible discount factors for Coverage A and Coverage B of the Educator's Management Liability Coverage Forms **MP 3001**, **MP 3002**, and **MP 3003** are displayed in the Rating Factors Section of this Manual.
2. The base deductible for Coverage A is \$5,000 and the base deductible for Coverage B is \$2,500.
3. Use the interpolation procedure outlined in Rule 15 for amounts that are not shown in the table.

46. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

- A. If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section V – Condition 2. - Extended Reporting Period of the Management Liability Coverage Forms **MP 3001**, **MP 3002**, **MP 3003** are met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Supplemental Extended Reporting Period Endorsement **MP 3030** for an additional premium. The named organization must request this endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B. The premium for Supplemental Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.
- C. There is no separate or additional Limit of Liability for the Extended Reporting Period.

47. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – RETROACTIVE DATE

- A. The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B. If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

48. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

A. Coverage Amendment Endorsements

- 1. Coverage Extension – Liability to Volunteers **MP 3020**

This endorsement broadens the definition of wrongful employment practices act to include discrimination directed at a volunteer by an insured person. Refer to the Countrywide Rate Section of this manual for the premium.

2. Coverage Extension – Outside Service MP 3021

This optional endorsement modifies the coverage form by providing coverage for those insureds who serve on outside boards on behalf of or at the request of the named organization. There is no charge for this endorsement.

3. Coverage Extension – Publication Services Endorsement MP 3022

This optional endorsement modifies the coverage form by providing coverage for publication on the Internet or on similar electronic means of communications. Refer to the Countrywide Rate Section of this manual for the premium.

B. Exclusion Endorsements

1. Exclusion - Employment Practices Liability MP 3010

This endorsement excludes loss resulting from any claims arising from an employment practices wrongful act. There is no premium credit for this endorsement.

2. Exclusion - Pending or Prior Litigation (Newly Acquired Subsidiaries) MP 3011

This endorsement excludes loss resulting pending or prior litigation of newly acquired subsidiaries. There is no premium credit for this endorsement.

3. Exclusion - Specific Litigation or Incident MP 3012

This endorsement excludes loss for litigation in progress or known named incidents. There is no premium credit for this endorsement.

4. Exclusion – Bonds or Other Financial Debentures MP 3013

This endorsement excludes loss resulting from claims arising out of failure of the organization to pay any bond, debt or other instrument of financial guarantee. There is no premium credit for this endorsement.

5. Exclusion - Specific Subsidiary MP 3014

Coverage may be restricted for claims brought against the insured persons or the organization for their service in the specific subsidiary. There is no premium credit for this endorsement.

6. Exclusion - Intellectual Property Liability MP 3015

This endorsement excludes loss resulting from any claims arising from trademark violations or licensing infringement. There is no premium credit for this endorsement.

7. Loss Redefined - Exclusion Of Punitive Damages **MP 3016**
or **MP 3017**

Use **MP 3016** when **MP 3001** is attached to the policy. Use **MP 3017** when either **MP 3002** or **MP 3003** is attached to the policy. These endorsements clarify that punitive damages are not considered covered loss.

49. RESERVED FOR FUTURE USE

SECTION V - SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY

50. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** Two standard coverage forms are available for Social Service and Healthcare Professional Liability Coverage. **MP 4001** provides coverage on an occurrence basis and **MP 4002** provides coverage on a claims-made basis.
1. These coverage forms provide coverage against claims for injuries arising out of acts or omissions in the rendering of or failure to render professional health care services.
 2. Social Service and Healthcare Professional professionals are those health care professionals who are not primarily not licensed physicians. This group includes nurses, physical therapists, dieticians, mental health counselors, social service counselors, nutritionists and physiotherapists. For a description of the professionals for which this coverage form may be used, refer to the Classification Section of this manual.
- B.** For details of coverage refer to:
1. Social Service and Healthcare Professional Liability Coverage Form **MP 4001** (Occurrence version) or Social Service and Healthcare Professional Liability Coverage Form **MP 4002** (Claims Made version).
 2. Refer to mandatory forms:
 - a. Exclusion – Nuclear Energy Liability Endorsement **CVL 0501**
 - b. Common Policy Conditions Form **CVL 0502**
- C.** Use the:
1. Common Declarations for the appropriate risk type;
 2. Coverage Form;
 3. Common Policy Conditions Form and the Exclusion - Nuclear Energy Liability Endorsement;
 4. Applicable endorsements (including those required for use in a particular state); and
 5. Coverage Part Declarations;

to make up the Social Service and Healthcare Professional Liability Coverage Part.

51. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
– BASE COMPANY RATES AND PREMIUM

A. Basic Limit

The basic limit is an amount of insurance upon which company rates are based.

The premium is based on the type of organization and the total number of professional FTEs of the organization. Determine the appropriate classification code from the classification table. The base rates are shown at a \$1,000,000 basic limit of insurance. The base rates are displayed in the Countrywide Rate Section of this manual.

Note: Charge for Nutritionists/Dieticians only when they are employed/contracted by facilities with inpatient exposures.

B. Classification Factor

Based on the type of risk, a classification factor is applied to the base premium. Refer to the Rating Factor Section of this manual to determine the appropriate factor.

C. Deductible

For the Social Service and Healthcare Professional Liability Coverage Forms **MP 4001** and **MP 4002**, the base rates reflect a \$2,500 deductible provision.

This deductible amount may be increased or decreased. Refer to Rule 55. Social Service and Healthcare Professional Liability Coverage Part – Deductibles.

D. Increased Limits

Refer to Rule 54. Social Service and Healthcare Professional Liability Coverage Part – Increased Limits.

E. Claims-Made Multipliers - Applies to the premium calculation for Form **MP 4002** only

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates costs are on a mature claims-made basis. Mature claims-made rates are defined as 5 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "5 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

F. Other Than Not-For-Profit Modifier

Apply a modifier to all Other Than Not-For-Profit organizations. Refer to the Rating Factor Section of this manual for the Other Than Not-For-Profit modifier.

52. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge is a combination of the type of organization and the total number of professional FTEs of the named insured. Refer to Rule 16 for an explanation of FTEs.

53. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART – PREMIUM DETERMINATION

For Social Service and Healthcare Professional Liability Coverage Forms **MP 4001** and **MP 4002**.

- A.** Determine the premium for each entity class based on the classification and premium basis from the table displayed in the Countrywide Rate Section of this manual. Determine the total number of FTEs for each individual professional classification from the table displayed in the Countrywide Rate Section of this manual.
- B.** Subtotal the entity and FTEs premiums.
- C.** Multiply by any of the following that are applicable:
 - 1. Applicable classification factor (see Rule **51.B.**);
 - 2. Increased limits factor (see Rule **54.B.**);
 - 3. Deductible discount factor (see Rule **55.C.**);
 - 4. Claims-made multiplier (see Rule **51.E.** - form **MP 4002** only);
 - 5. Other Than Not-For-Profit modifier (see Rule **51.F.**);

to produce the premium.

- D.** Determine any other additional premiums.
- E.** Add the premium(s) determined in Paragraphs **C.** and **D.** to obtain the total premium.

- F. The premium developed in Paragraph **E.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.
- G. Use the premium developed in Paragraph **F.** or the minimum premium applicable to the Management Liability Coverage Part, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this manual.

54. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Social Service and Healthcare Professional Liability Coverage Forms **MP 4001** and **MP 4002**. The increased limits factors are displayed in the Rating Factor Section of this Manual.

- A. All limits are expressed in thousands of dollars.
- B. For the applicable increased limits factors for Coverage Forms **MP 4001**, and **MP 4002** refer to Table **54.B.** in the Rating Factor Section of this manual.
- C. Use the interpolation procedure outlined in Rule 15 for limits that are not shown in the table.

55. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART – DEDUCTIBLES

A. Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards defense expenses and the amount paid as loss.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of the named organization applies only to the amount of loss and claims expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible amount will apply to loss resulting from all claims alleging the same wrongful act or interrelated wrongful acts.

The deductible is applied to the loss which includes defense expenses.

C. Deductible Discount Factors for the Social Service and Healthcare Professional Liability Coverage Forms **MP 4001** and **MP 4002**.

1. The deductible discount factors for the Social Service and Healthcare Professional Liability Coverage Forms **MP 4001** and **MP 4002** are displayed in the Rating Factors Section of this Manual.
2. The base deductible is \$5,000.
3. Use the interpolation procedure outlined in Rule 15 for amounts that are not shown in the table.

56. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
– EXTENDED REPORTING PERIOD - APPLICABLE TO COVERAGE FORM **MP4002** ONLY

- A.** If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section **V** – Condition **2.** - Extended Reporting Period of the Social Service and Healthcare Professional Liability Coverage Form **MP 4002** is met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Extended Reporting Period Endorsement **MP 4030** for an additional premium. The named insured must request this endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B.** The premium for Supplemental Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.
- C.** There is no separate or additional Limit of Liability for the Extended Reporting Period.

57. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
– RETROACTIVE DATE - APPLICABLE TO COVERAGE FORM **MP4002** ONLY

- A.** The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B.** If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

58. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
– DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

A. Coverage Amendment Endorsements

1. Amendment - Clinical or Experimental Trials **MP 4020** (Only available with coverage form MP 4002)

This endorsement amends the Clinical Trial exclusion to provide coverage for specified clinical or experimental trials. Refer to the Countrywide Rate Section of this manual for the base rate determination. Multiply the base rate x the number of subjects participating in the trial.

Definition of Phase I, Phase II and Phase III trials.

Phase I - Introduction of investigational new drugs into humans.

Phase II - Early controlled clinical studies to obtain preliminary data on the effectiveness of the drug for a particular indication(s) in patients with the disease or condition.

Phase III - Expanded controlled and uncontrolled trials.

Refer to the underwriter for a more detail explanation of trial phases.

2. Coverage Extension - Contractual Liability MP 4021

This endorsement amends the contractual exclusion to provide coverage for certain types of contracts. Refer to the Countrywide Rate Section of this manual for the premium.

3. Waiver of Transfer of Rights Of Recovery Against Others To Us MP 4042

Rights of recovery are waived fro specified persons or entities listed in the endorsement. Refer to the Countrywide Rate Section of this manual for the premium.

B. Exclusion Endorsements

1. Exclusion - Punitive Damages - CVL 0518

This endorsement clarifies that punitive damages are excluded.

2. Exclusion - Products MP 4010

This endorsement excludes loss resulting from any claims arising from the insured's products. There is no premium credit for this endorsement.

3. Exclusion - Specific Litigation or Other Incident MP 4011

This endorsement excludes loss resulting from antitrust claims. There is no premium credit for this endorsement.

4. Exclusion of Vicarious Liability for Specified Practitioners MP 4012

This endorsement excludes the vicarious liability of the insured for the acts of specified practitioners of the healing arts.

C. Additional Interest Endorsements

1. Practitioners - Primary MP 4022

This optional endorsement amends the Who Is An Insured provision include specified practitioners of the healing arts as insureds. Refer to Rule 53. to develop the premium for these practitioners.

2. Practitioners - Excess MP 4023

This optional endorsement amends the Who Is An Insured provision include specified practitioners of the healing arts as insureds. Refer to Rule 53. to develop the premium for these practitioners.

3. Additional Insured – Designated Person or Organization MP 4024

This endorsement amends the Who Is An Insured provision to scheduled persons or organizations. Refer to the Countrywide Rate Section of this manual for the premium.

4. Additional Insured – Social Workers and Counselors Excess Coverage MP 4025

This endorsement amends the Who Is An Insured provision to include non-employee social workers and counselors. Refer to Rule 53. to develop the premium for these practitioners.

59. RESERVED FOR FUTURE USE

SECTION VI - SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART

60. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** The Sexual Abuse or Molestation Liability Coverage Part is comprised of one of three Coverage Forms written on an occurrence basis or one of three coverage parts written on a Claims-made basis.

Sexual Abuse or Molestation Liability Coverage Forms **MP 5001, MP 5002, and MP 5003** provide coverage for liability arising out of claims for acts of sexual abuse or molestation on an occurrence basis. Sexual Abuse or Molestation Liability Coverage Forms **MP5006, MP5007 and MP5008** provide coverage for liability arising out of claims for acts of sexual abuse or molestation on a claims-made basis.

- B.** For details of coverage refer to the:

1. Sexual Abuse or Molestation Liability Coverage Form - Defense Expenses Within Limits - **MP 5001**; Sexual Abuse or Molestation Liability Coverage Form - **MP 5002**; or Sexual Abuse or Molestation Liability Coverage Form - Separate Limits for Defense and Loss - **MP 5003**, Sexual Abuse or Molestation Liability Coverage Form - Defense Expenses Within Limits - (Claims-made) **MP 5006**; Sexual Abuse or Molestation Liability Coverage Form -(Claims-made) **MP 5007**; or Sexual Abuse or Molestation Liability Coverage Form - Separate Limits for Defense and Loss - (Claims-made) **MP 5008**.

- C.** Use the:

1. Coverage Form;
2. Applicable endorsements (including those required for use in a particular state); and
3. Coverage Part Declarations;

to make up the Sexual Abuse or Molestation Liability Coverage Part. This coverage part cannot be written as a standalone policy. It must be written in conjunction with the Management Liability Coverage Part, the Educator's Management Liability Coverage Part or the Social Service and Healthcare Professional Liability Coverage Part.

61. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – BASE COMPANY RATES

- A.** Basic Limit

The basic limit is an amount of insurance upon which company rates are based. The base rates are shown at a \$1,000,000 basic limit. The base rates are shown in the Countrywide Rate Section of this manual.

- B.** Classification Factor

Based on the type of risk, a classification factor is applied to the base premium. Refer to the Rating Factor Section of this manual to determine the appropriate classification factor.

C. Deductible

For the Sexual Abuse or Molestation Liability Coverage Forms **MP 5001, MP 5002, MP 5003, MP 5006, MP 5007** and **MP 5008** the base rates reflect a \$5,000 deductible.

The deductible amount may be increased or decreased. Refer to Rule 65. Sexual Abuse or Molestation Liability Coverage Part – Deductibles.

D. Increased Limits

Refer to Rule 64. Sexual Abuse or Molestation Liability Coverage Part – Increased Limits.

E. Claims-Made Multipliers - Applies to the premium calculation for Form **MP 5006, MP 5007 and **MP 5008** only.**

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates costs are on a mature claims-made basis. Mature claims-made rates are defined as 5 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "5 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

F. Defense Expense Adjustment Factor

The base rates for the Sexual Abuse or Molestation Liability Coverage are determined on a defense expense within limits basis. Form **MP 5002** and **MP 5007** provide coverage for defense expenses outside the limit and Form **MP 5003** and **MP 5008** provide a separate limit for defense expenses. To convert the base premium, apply the applicable factor to the premium. Refer to the Rating Factor Section of this manual for the factors.

62. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge is the total number of FTEs for other than Educational risks. For Educational risks, there is a base premium determined by the number of student in addition to the base premium developed for FTEs.

63. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – PREMIUM DETERMINATION

For Sexual Abuse or Molestation Liability Coverage Forms **MP 5001**, **MP 5002** and **MP 5003** (Occurrence based forms).

- A. Risks other than Educational risks. Determine the total number of FTEs. Multiply the number of FTEs by the rate displayed in the Countrywide Rate Section of this manual.
- B. Educational Risks. Determine the total number of students and multiply the total number of students by the student rate displayed in the Countrywide Rate Section of this manual. In addition determine the premium for step **A.** above.
- C. Subtotal the FTE premium and the educational risk premium (if applicable).
- D. Multiply by any or all of the following that are applicable:
 - 1. Applicable classification factor - (see Rule **61.B.**);
 - 2. Appropriate increased limits factor (see Rule **64.B.**);
 - 3. Deductible discount factor (see Rule **65.C.**);
 - 4. Defense expense modifier (see Rule **61.E.**);

to produce the premium.

- E. Determine any other additional premiums.
- F. Add the premium(s) determined in Paragraphs **D.** and **E.** to obtain the total premium.
- G. The premium developed in Paragraph **F.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.
- H. Use the premium developed in Paragraph **G.** or the minimum premium applicable to the Management Liability Coverage Part, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this manual.

For Sexual Abuse or Molestation Liability Coverage Forms **MP 5006, MP 5007 and MP 5008** (Claims-made forms).

- I. Risks other than Educational risks. Determine the total number of FTEs. Multiply the number of FTEs by the rate displayed in the Countrywide Rate Section of this manual.
- J. Educational Risks. Determine the total number of students and multiply the total number of students by the student rate displayed in the Countrywide Rate Section of this manual. In addition determine the premium for step I. above.
- K. Subtotal the FTE premium and the educational risk premium (if applicable)
- L. Multiply by any or all of the following that are applicable:
 - 1. Applicable classification factor - (see Rule **61.B.**);
 - 2. Appropriate increased limits factor (see Rule **64.B.**);
 - 3. Deductible discount factor (see Rule **65.C.**);
 - 4. Claims-made multiplier (See Rule **61.E.**);
 - 5. Defense expense modifier (see Rule **61.F.**);

to produce the premium.

- M. Determine any other additional premiums.
- N. Add the premium(s) determined in Paragraphs **L.** and **M.** to obtain the total premium.
- O. The premium developed in Paragraph **N.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.
- P. Use the premium developed in Paragraph **O.** or the minimum premium applicable to the Management Liability Coverage Part, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this manual.

64. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Sexual Abuse or Molestation Liability Coverage Forms **MP 5001, MP 5002, MP 5003, MP 5006, MP 5007, and MP 5008.**

- A. Procedures
- B. For the applicable increased limits factors for Coverage Forms **MP 5001, MP 5002, MP 5003, MP5006, MP 5007, and MP 5008** refer to Table **64.B.** in the Rating Factors Section of this manual.
- C. Use the interpolation procedure outlined in Rule 15 for limits that are not shown in the table.

65. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – DEDUCTIBLES

A. Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards defense expenses and the amount paid as loss.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of the named organization applies only to the amount of loss and claims expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible amount will apply to loss resulting from all claims alleging the same wrongful act or interrelated wrongful acts.

The deductible is applied to the loss which includes defense expenses.

C. Deductible Discount Factors for the Sexual Abuse or Molestation Liability Coverage Forms **MP 5001, MP 5002, MP 5003, MP 5006, MP 5007 and MP 5008.**

1. The deductible discount factors for the Sexual Abuse or Molestation Liability Coverage Forms **MP 5001, MP 5002, MP 5003, MP 5006, MP 5007 and MP 5008** are displayed in the Rating Factors Section of this Manual.
2. The base deductible is \$5,000.
3. Use the interpolation procedure outlined in Rule 15 for amounts that are not shown in the table.

66. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

- A. If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section **VI** – Condition **2**. - Extended Reporting Period of the Sexual Abuse or Molestation Liability Coverage Forms **MP 5006, MP 5007, and MP 5008** are met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Supplemental Extended Reporting Period Endorsement **MP 5030** for an additional premium. The named insured must request the appropriate endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B. The premium for Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.

- C. There is no separate or additional Limit of Liability for the Extended Reporting Period.

67. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – RETROACTIVE DATE - This rule only applies to claims-made forms **MP 5006, MP 5007** and **MP 5008**.

- A. The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B. If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

68. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

A. Coverage Amendment Endorsement(s)

- 1. Coverage Amendment – Physical Abuse **MP 5023**

This optional endorsement amends the definition of sexual abuse or molestation to include physical abuse. Refer to the Rating Factor Section of this manual for the factor. The factor for this endorsement is applied to the premium developed in Rule 63.D. or 63.L.

B. Exclusion Endorsements

- 1. Exclusion - Punitive Damages - **CVL 0518**

This endorsement clarifies states that punitive damages are excluded.

- 2. Exclusion - Pending or Prior Litigation (Newly Acquired Subsidiaries **MP 5011**

This endorsement excludes loss resulting pending or prior litigation of newly acquired subsidiaries. There is no premium credit for this endorsement.

- 3. Exclusion - Specific Litigation or Incident **MP 5012**

This endorsement excludes loss for litigation in progress or known named incidents. There is no premium credit for this endorsement.

C. Additional Interests Endorsements

1. Additional Insureds – Foster Parents MP 5021

This optional endorsement modifies the Who is an Insured Provision to include foster parents as additional insureds. Refer to the Countrywide Rate Section of this manual for the premium.

2. Additional Insureds - Contracted Professionals MP 5022

This optional endorsement modifies the Who is an Insured Provision to include Specified individuals as additional insureds. Refer to the Countrywide Rate Section of this manual for the premium.

69. RESERVED FOR FUTURE USE

SECTION VII - FIDUCIARY LIABILITY COVERAGE PART

70. FIDUCIARY LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** The Fiduciary Liability Coverage Part is comprised of one Coverage Form written on a claims-made basis. The Fiduciary Liability Coverage Form **MP 6001** provides coverage for liability arising out of claims for wrongful acts committed by fiduciaries or administrators of employee benefits program(s).
- B.** For details of coverage:
1. Refer to Fiduciary Liability Coverage Form **MP 6001**.
 2. Refer to mandatory forms:
 - a. Exclusion – Nuclear Energy Liability Endorsement **CVL 0501**
 - b. Common Policy Conditions Form **CVL 0502**
 3. Refer to Mandatory State Endorsements in the state exceptions.
- C.** Use the:
1. Coverage Form;
 2. Common Policy Conditions Form;
 3. Any applicable endorsements (including those required for use in a particular state);
 4. Fiduciary Liability Coverage Declarations; and
 5. Application(s);

to make up the Fiduciary Liability Coverage Part.

71. FIDUCIARY LIABILITY COVERAGE PART – BASE COMPANY RATES

A. Basic Limit

The basic limit is an amount of insurance upon which company rates are based. The selected limit of liability applies to the total of all claims first made against an insured entity during the policy period.

The base company rates are shown at a \$1,000,000 basic limit. The basic limit rates are shown in the Countrywide Rate Section of this manual.

B. Deductible

Refer to Rule 75. Fiduciary Liability Coverage Part – Deductibles.

C. Increased Limits

Refer to Rule 74. Fiduciary Liability Coverage Part – Increased Limits.

D. Claims-Made Multipliers

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates or ISO loss costs are on a mature claims-made basis. Mature claims-made rates are defined as 3 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "3 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

72. FIDUCIARY LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge is the total employee benefits program(s) assets of the named organization.

73. FIDUCIARY LIABILITY COVERAGE PART – PREMIUM DETERMINATION

For Fiduciary Liability Coverage Form **MP 6001**:

- A.** Refer to the Countrywide Rate Section of this Manual. Based on the total employee benefits program(s) assets of the named organization, determine the company rate.
- B.** Multiply the company rate determined in Paragraph **A.** by the applicable classification factor. Refer to the Fiduciary Classification Table Section of this Manual.
- C.** Multiply the result determined in Paragraph **B.** by the appropriate increased limits factor (see Rule **74.B.**) adjusted by the deductible discount factor (see Rule **75.C.**).
- D.** Multiply the result determined in Paragraph **C.** by any or all of the following that are applicable:
 - 1.** Claims-made multiplier (Refer to the Rating Factor Section of this manual);

2. Other rating modifiers (see Rule **76.**)

to produce the premium.

- E.** Determine any additional premiums.
- F.** Add the premium(s) determined in Paragraphs **D.** and **E.** to obtain the total premium.
- G.** The premium developed in Paragraph **F.** may be adjusted by the applicable provisions of the Management Protection – Individual Risk Premium Modification Plans.
- H.** Use the premium developed under Paragraph **G.** or the minimum premium, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this Manual.

74. FIDUCIARY LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Fiduciary Liability Coverage Form **MP 6001**. The increased limits factors are displayed in the Rating Factors Section of this Manual:

A. Procedures

- 1. All limits are expressed in thousands of dollars.
- 2. The following interpolation procedure shall be used in determining increased limits factors not shown in the increased limits table:
 - a.** Select the increased limit factor for the next lower and the next higher limits.
 - b.** Interpolate between the factors selected in Paragraph **1.** to determine the factor for the desired limit. All fractions in the fourth decimal place shall be considered as an additional unit in the third decimal place.

B. Increased Limits Table – Fiduciary Liability Coverage Form **MP 6001**

For the applicable increased limits factors for Coverage Form **MP 6001**, refer to Table **74.B.** in the Rating Factor Section of this manual.

75. FIDUCIARY LIABILITY COVERAGE PART – DEDUCTIBLES

A. Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards claims expenses and the amount paid as loss.

Two deductible amounts apply to coverage under the policy.

1. The deductible amount for non-indemnifiable loss applies to loss incurred by any insured for which indemnification is not permitted or required by common or statutory law or is permitted or required by statutory law, but the employer sponsor does not do because of financial impairment.
2. The deductible amount for indemnifiable loss applies to all other losses.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of named organization applies only to the amount of loss and defense expenses in excess of any deductible amount stated as applicable to such coverage.

C. Deductible Discount Factors For The Fiduciary Liability Coverage Form **MP 6001**

1. The standard deductible amounts are:
 - a. \$25,000 for the indemnifiable deductible amount; and
 - b. \$0 for the non-indemnifiable deductible amount.

The deductible discount factors for the Fiduciary Liability Coverage Form **MP 6001** are displayed in the Rating Factors section of this Manual. The deductible discount is based on the indemnifiable deductible amount and the Limit of Liability for the Coverage Form. If a single loss is subject to both deductible amounts, the maximum amount for such loss shall fall under the indemnifiable loss deductible amount. All claims for damages arising out of the same or related wrongful acts will be deemed to have arisen out of one claim.

2. Deductible discount factors are applicable only to the basic limits rates.
3. For deductible amounts less than \$25,000, add the appropriate deductible discount factor to the increased limits factor.
4. For deductible amounts from \$25,000, and up to \$750,000, subtract the appropriate deductible discount factor from the applicable increased limits factor.
5. Refer to the Rating Factor Section of this manual for the deductible factor tables.

76. FIDUCIARY LIABILITY COVERAGE PART – RATING MODIFIERS

Modifiers are to be applied to the base premium based on the particular characteristics of an individual risk. The following areas of evaluation, and the range of factors that may be applied, are located in the Rating Factors Section of this Manual:

A. Program Characteristics

Refer to Table **76.A.**

B. Named Organization Characteristics

Refer to Table **76.B.**

C. Program Stability

Refer to Table **76.C.**

77. FIDUCIARY LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

- A.** If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section **V** – Condition **2.** - Extended Reporting Period of the Fiduciary Liability Coverage Form **MP 6001** is met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Supplemental Extended Reporting Period Endorsement **MP 6030** for an additional premium. The named organization must request this endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B.** The premium for Supplemental Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.
- C.** There is no separate or additional Limit of Liability for the Extended Reporting Period.

78. FIDUCIARY LIABILITY COVERAGE PART – RETROACTIVE DATE

- A. The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B. If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

79. FIDUCIARY LIABILITY COVERAGE PART – DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The endorsements in this rule may be used with the Fiduciary Liability Coverage Part. The descriptions are for ease of identification. Refer to each endorsement to determine its content.

A. Declaration Amendment Endorsements

- 1. Employee Benefit Plans Supplemental Schedule Endorsement
MP DS60a

This supplemental schedule may be used in conjunction with the Fiduciary Liability Coverage Part Declarations to list the various employee benefit plans to be covered under the Fiduciary Liability policy when the employee benefit plans are too numerous to list on the Declarations.

- 2. Amended Schedule Of Employee Benefit Plans Endorsement
MP DS61

This endorsement revises the Declarations in order to add, delete or amend the name of an employee benefit plan.

B. Coverage Amendment Endorsements

- 1. Coverage Extension – Merged, Sold, Spun-Off Or Terminated Plans Endorsement **MP 6020**

This endorsement provides coverage for an employee benefit plan listed in the Schedule that was merged, sold, spun-off or terminated prior to the inception of the policy. The assets of the plan to be covered are to be included in the total assets for the purposes of determining the base premium

- 2. Coverage Extension – Cap Penalties Endorsement **MP 6021**

This endorsement provides coverage for all fees, fines, penalties or sanctions imposed upon an insured pursuant to the Internal Revenue Service's Closing Agreement Program. There is a flat premium charge of \$100.00 for this endorsement.

C. Exclusion Endorsements

1. Exclusion - Pending or Prior Litigation (Newly Acquired Subsidiaries **CVL 0516**)

This endorsement excludes loss resulting pending or prior litigation of newly acquired subsidiaries. There is no premium credit for this endorsement.

2. Exclusion - Specific Litigation or Incident **CVL 0517**

This endorsement excludes loss for litigation in progress or known named incidents. There is no premium credit for this endorsement.

3. Exclusion – Conversion From Defined Benefit Plans To Defined Contribution Plans Endorsement **MP 6010**

This endorsement excludes coverage for a claim arising out of the conversion from a defined benefit pension plan to a defined contribution pension plan by an employee sponsor. There is no premium credit for this endorsement.

4. Exclusion – For The Recapture Of Assets For Defined Benefit Plans Endorsement **MP 6011**

This endorsement excludes coverage for claims brought against the insured arising out of the named organization's reclamation of contributions or assets of any past or present defined benefit pension plan. There is no premium credit for this endorsement.

5. Loss Redefined - Exclusion of Punitive Damages **MP 6013**

This endorsement clarifies that punitive damages are not considered covered loss.

SECTION VIII - MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART

80. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

- A.** The Miscellaneous Liability Coverage Part is comprised of one Coverage Form written on a claims-made basis. The Miscellaneous Professional Liability Coverage Form **MP 7001** provides coverage for liability arising out of claims for wrongful acts committed by certain employed or contracted miscellaneous professionals.
- B.** For details of coverage:
1. Refer to Miscellaneous Professional Liability Coverage Form **MP 7001**.
 2. Refer to mandatory forms:
 3. Refer to Mandatory State Endorsements in the state exception pages.
- C.** Use the:
1. Coverage Form;
 2. Common Policy Conditions Form;
 3. Any applicable endorsements (including those required for use in a particular state); and
 4. Declarations,

to make up the Miscellaneous Professional Liability Coverage Part.

81. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – BASE COMPANY RATES

A. Basic Limit

The basic limit is an amount of insurance upon which company rates are based. The selected limit of liability applies to the total of all claims first made against an insured person or the named organization during the policy period. It applies separately to each consecutive annual period. All claims arising out of the same wrongful act or interrelated wrongful acts committed by the named organization's insured persons shall be considered a single claim.

The base rates are shown at a \$1,000,000 basic limit.. The base rates are shown in the Countrywide Rate Section of this manual.

B. Classification Factor

Based on the type of risk, a classification factor is applied to the base premium. Refer to the Rating Factor Section to determine the appropriate factor.

C. Deductible

Refer to Rule 85. Miscellaneous Professional Liability Coverage Part – Deductibles.

D. Increased Limits

Refer to Rule 84. Miscellaneous Professional Liability Coverage Part – Increased Limits in the Rating Factor Section of this manual.

E. Claims-Made Multipliers

Claims-made rates are calculated by applying a claims-made multiplier to the appropriate mature claims-made rate. The base company rates are on a mature claims-made basis. Mature claims-made rates are defined as 5 or more years in the claims-made program.

Claims-made multipliers vary by the appropriate year in the claims-made program. These claims-made multipliers assume that the Retroactive Date is coincident with the effective date of the named organization's first claims-made policy in an uninterrupted claims-made program and that the date is not advanced upon renewal. If the Retroactive Date is advanced, the new Retroactive Date should be considered as the named organization's entry into the claims-made program for the purposes of determining the appropriate claims-made multiplier.

If the Retroactive date is the same as the policy inception date use the claims-made factor for year 1. If the Retroactive date is prior to the inception date of the policy, use the appropriate claims-made multiplier. If a Retroactive Date is not used, then use the "3 or more" factor in the claims-made table. Refer to the Rating Factor Section for the claims made table.

F. Other Than Not-For-Profit Modifier

Apply a modifier to all Other Than Not-For-Profit organizations. Refer to the Rating Factor Section of this manual for the For Profit modifier.

82. MISCELLANEOUS LIABILITY COVERAGE PART – BASIS OF PREMIUM

The basis used for determining the premium charge is the total number of professionals in each professional category.

83. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – PREMIUM DETERMINATION

For Miscellaneous Professional Liability Coverage Form **MP 7001**:

- A.** Determine the actual number of professionals to be covered. Multiply the total for each category of professional by the base rate. Please refer to the Countrywide Rate Section of this manual for the base rate table.
- B.** Subtotal the premiums for each category of professional.

- C.** Multiply by any or all of the following that are applicable:
 - 1. Applicable classification factor - (see Rule **81.B.**);
 - 2. Appropriate increased limits factor (see Rule **84.B.**);
 - 3. Deductible discount factor (see Rule **85.C.**);
 - 3. Claims-made multiplier (see Rule **81.E.**);
 - 4. Other Than Not-For-Profit modifier (see Rule **81.F.**);
- D.** Determine any additional premiums.
- E.** Add the premium(s) determined in Paragraphs **C.** and **D.** to obtain the total premium.
- F.** The premium developed in Paragraph **F.** may be adjusted by the applicable provisions of the Miscellaneous Professional Liability – Individual Risk Premium Modification Plans.
- G.** Use the premium developed under Paragraph **G.** or the minimum premium, whichever is greater. For the Coverage Part Minimum Premium, refer to the Countrywide Rate Section of this Manual.

84 MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – INCREASED LIMITS

A separate Increased Limits Table applies to the Miscellaneous Professional Liability Coverage Form **MP 7001**.

- A.** All limits are expressed in thousands of dollars.
- B.** For the applicable increased limits factors for Coverage Forms **MP 7001**, refer to Table **84.B.** in the Rating Factors Section of this manual.
- C.** Use the interpolation procedure outlined in Rule 15 for limits that are not shown in the table.

The increased limits factors are displayed in the Rating Factors Section of this Manual.

85. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – DEDUCTIBLES

- A.** Definition

This is a method of coverage under which the named organization agrees to contribute up to a specific sum per claim towards defense expenses and the amount paid as loss.

B. Application

When a deductible is selected by the named organization, the company's obligation to pay loss and claims expenses on behalf of the named organization applies only to the amount of loss and claims expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible amount will apply to loss resulting from all claims alleging the same wrongful act or interrelated wrongful acts.

The deductible is applied to the loss which includes defense expenses.

C. Deductible Discount Factors for the Miscellaneous Professional Liability Coverage Forms **MP 7001**.

1. The deductible discount factors for the Miscellaneous Professional Liability Coverage Forms **MP 7001** are displayed in the Rating Factors Section of this Manual.
2. Use the interpolation procedure outlined in Rule 15 for amounts that are not shown in the table.

86. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

- A.** If the circumstances related to the cancellation or nonrenewal of coverage as specified in Section **V** – Condition **2**. - Extended Reporting Period of the Miscellaneous Professional Liability Coverage Form **MP 7001** is met, a Basic Extended Reporting Period will be provided. Under the Basic Extended Reporting Period, a claim first made and reported during the Basic Extended Reporting Period, will be deemed to have been made on the last day of the policy period. The claim must be for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

A Supplemental Extended Reporting Period is available by attaching the Supplemental Extended Reporting Period Endorsement **MP 7030** for an additional premium. The named insured must request this endorsement in writing within 60 days after the end of the policy period. This Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period and lasts for the period of time stated in the Supplemental Extended Reporting Period Endorsement with respect to claims for a wrongful act of the insured that occurred before the end of the policy period, but not before the applicable Retroactive Date.

- B.** The premium for Supplemental Extended Reporting Period Endorsement will be deemed fully earned as of the date it is purchased.
- C.** There is no separate or additional Limit of Liability for the Extended Reporting Period.

87. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – RETROACTIVE DATE

- A. The Retroactive Date is a specific date shown in the Declarations. Any wrongful act which occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or the Extended Reporting Period, if exercised.
- B. If "none" is shown in the Declarations, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts occurring prior to the inception date of the policy.

88. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

- A. Exclusion Endorsements
 - 1. Exclusion - Punitive Damages - **CVL 0518**

This endorsement clarifies that punitive damages are excluded.
 - 2. Exclusion - Specific Subsidiary **MP 7010**

This endorsement excludes coverage for specified subsidiaries. There is no premium credit for this endorsement.
 - 3. Exclusion - Specific Litigation or Incident **MP 7011**

This endorsement excludes loss for litigation in progress or known named incidents. There is no premium credit for this endorsement.
- B. Additional Interests Endorsements
 - 1. Additional Insured - Named Professionals **MP 7020**

This endorsement extends coverage to named non-employee professionals. Refer to Rule 83 for rating these professionals. Use the Non-employee base rates for these individuals.

89. RESERVED FOR FUTURE USE

COUNTRYWIDE RATING FACTORS

Management Liability Rating Factors

Rule 31. B. - Classification Factor

Classification	Factor
Social Service Institutions	1.00
Religious Institutions	1.10
All Other	1.00

Table 31.E. - Claims-Made Multipliers

Claims Made Period	Claims-Made Multiplier
1st year	0.70
2nd year	0.80
3rd year	0.90
4th year	0.95
5 or more	1.00

Rule 31.F. - Other Than Not-For-Profit modifier

1.10

Rule 31.G. - Defense Expense Adjustment factor

Defense outside limit factor 1.20

Defense separate limit factor 1.15

COUNTRYWIDE RATING FACTORS

Management Liability Rating Factors

Rule 34. - Increased Limit Factors

Limit	ILF
100/100	0.50
250/250	0.65
500/500	0.80
500/1M	0.86
1M/1M	1.00
1M/3M	1.10
2M/2M	1.40
2M/4M	1.51
3M/3M	1.75
4M/4M	2.00
5M/5M	2.25
6M/6M	2.50
7M/7M	2.75
8M/8M	3.00
9M/9M	3.20
10M/10M	3.35

Rule 35. Deductible Factors

Deductibles - Coverages B and C			
Deductible	Factor	Deductible	Factor
1,000	1.12	15,000	.91
2,500	1.06	20,000	.87
5,000	1.00	25,000	.85
7,500	.97	50,000	.76
10,000	.95	100,000	.70

COUNTRYWIDE RATING FACTORS

Educator's Management Liability Rating Factors

Factors applicable to both Coverage A and Coverage B

Rule 41. B. - Classification Factor

Classification	Factor
Social Service Institutions	1.00
Educational Institutions	.60
Religious Institutions	1.00
All Other	1.00

Table 41.E. - Claims-Made Multipliers

Claims Made Period	Claims-Made Multiplier
1st year	0.70
2nd year	0.80
3rd year	0.90
4th year	0.95
5 or more	1.00

Rule 41.F. Other Than Not-For-Profit modifier

1.10

Rule 41.G. Defense Expense Adjustment factor

Defense outside limit factor 1.20

Defense separate limit factor 1.15

COUNTRYWIDE RATING FACTORS

Educator's Management Liability Rating Factors

Rule 44 - ILF Tables

Coverage A			Coverage B	
Limit	ILF		Limit	ILF
100/100	0.43		100/100	0.50
250/250	0.58		250/250	0.65
500/500	0.78		500/500	0.80
500/1M	0.84		500/1M	0.86
1M/1M	1.00		1M/1M	1.00
1M/3M	1.10		1M/3M	1.10
2M/2M	1.35		2M/2M	1.36
2M/4M	1.45		2M/4M	1.46
3M/3M	1.60		3M/3M	1.65
4M/4M	1.85		4M/4M	1.88
5M/5M	2.05		5M/5M	2.10
6M/6M	2.25		6M/6M	2.32
7M/7M	2.45		7M/7M	2.48
8M/8M	2.60		8M/8M	2.60
9M/9M	2.75		9M/9M	2.72
10M/10M	2.90		10M/10M	2.84

COUNTRYWIDE RATING FACTORS

Educator's Management Liability Rating Factors

Rule 45 - Deductible Factors

Coverage A			Coverage B	
Deductible	Factor		Deductible	Factor
1,000	1.09		1,000	1.05
2,500	1.05		2,500	1.00
5,000	1.00		5,000	0.95
7,500	0.97		7,500	0.92
10,000	0.94		10,000	0.90
15,000	0.88		15,000	0.86
20,000	0.84		20,000	0.82
25,000	0.81		25,000	0.78
50,000	0.73		50,000	0.69
100,000	0.67		100,000	0.60

COUNTRYWIDE RATING FACTORS

Social Service and Healthcare Professional Liability Rating Factors

Rule 51. B. - Classification Factor

Classification	Factor
Social Service Institutions	1.00
Educational Institutions	1.00
Religious Institutions	1.00
All Other	1.00

Table 51.E. - Claims-Made Multipliers - Form MP 4002 only

Years in Claims Made	Claims-Made Multiplier
1	0.70
2	0.80
3	0.90
4	0.95
5	1.00

Rule 51.F.- Other Than Not-For-Profit modifier

1.10

Rule 54.B - Increased Limit Factors

Limit	ILF
500/500	0.850
1M/1M	1.000
1M/3M	1.100
2M/2M	1.200
2M/4M	1.250

COUNTRYWIDE RATING FACTORS

Social Service and Healthcare Professional Liability Rating Factors

Rule 55. - Deductible Factors

Deductible	Factor
0	1.05
1,000	1.02
2,500	1.00
5,000	0.95
10,000	0.90

COUNTRYWIDE RATING FACTORS

Sexual Abuse or Molestation Liability Rating Factors

Rule 61. B. - Classification Factor

Classification	Factor
Social Service Institutions	1.10
Educational Institutions	1.00
Religious Institutions	.87
All Other	1.00

Table 61.E. - Claims-Made Multipliers - Form MP 5006, MP 5007, and MP 5008 only

Years in Claims Made	Claims-Made Multiplier
1	0.70
2	0.80
3	0.90
4	0.95
5	1.00

Rule 61.F. Defense Expense Adjustment factor

Defense outside limit factor	1.20
Defense separate limit factor	1.15

COUNTRYWIDE RATING FACTORS

Sexual Abuse or Molestation Liability Rating Factors

Rule 64. B. - Increased Limit Factor

Limit	ILF
100/100	0.27
100/300	0.30
250/250	0.50
250/500	0.54
500/500	0.70
500/1M	0.75
1M/1M	1.00
1M/3M	1.10
2M/2M	1.60
3M/3M	2.00

Rule 65. B. - Deductibles

Deductible	Factor
1,000	1.10
2,500	1.05
5,000	1.00
7,500	0.99
10,000	0.98
15,000	0.97
20,000	0.96
25,000	0.95
50,000	0.93
100,000	0.90

Rule 66. Endorsement Premium Factors

1. Physical Abuse Factor - 1.10

COUNTRYWIDE RATING FACTORS

Fiduciary Liability Rating Factors

Table 71.D. Claims-Made Multipliers

Year In Claims-Made	Claims-Made Multiplier
1	0.79
2	0.93
3 or more	1.00

Table 74.B. Increased Limit Factors

Increased Limits Table	
Policy Limit	<u>ILF</u>
100K	0.15
250K	0.33
500K	0.58
750K	0.80
1M	1.00
2.5M	2.09
5M	3.87

Table 75.C.5 Deductible Discount Factors For Limits Up To \$5,000,000

		Limit Of Liability (\$,000)						
Deductible Amounts (\$,000)		100	250	500	750	1,000	2,500	5,000
\$ 5		0.010	0.016	0.022	0.026	0.028	0.034	0.037
10		0.007	0.012	0.016	0.019	0.020	0.024	0.027
15		0.005	0.008	0.011	0.012	0.013	0.016	0.017
20		0.002	0.004	0.005	0.006	0.007	0.008	0.008
\$ 25		0.000	0.000	0.000	0.000	0.000	0.000	0.000
50		0.010	0.016	0.023	0.026	0.029	0.035	0.038
100		0.023	0.041	0.057	0.067	0.073	0.088	0.098
250		0.045	0.083	0.120	0.142	0.156	0.194	0.218
500		0.062	0.119	0.176	0.210	0.233	0.296	0.339
750		0.071	0.137	0.205	0.247	0.276	0.359	0.418

COUNTRYWIDE RATING FACTORS

FIDUCIARY LIABILITY RATING FACTORS

Table 76.A Program Characteristics

Program Characteristics:	Factors
Type Of Plan:	
Defined Benefit Plan(s)	0.95 – 1.05
Defined Contribution Plan(s)	0.90 – 1.10
Employee Stock Ownership Plan(s) and Trust(s)	0.90 – 1.25
Multiple Employer Plan(s)	1.00 – 1.10
Non-Qualified Plan(s)	1.00 – 1.10
Foreign Plan(s)	1.00 – 1.10
Litigation:	
Plan Litigation: within last 5 years	1.00 – 1.50
Plan Litigation: none	0.80 – 1.00
Financial:	
Funding Level	1.00 – 2.00
Stock Portfolio Quality	0.90 – 1.15
Bond Portfolio Quality	0.90 – 1.15
Guaranteed Insurance Contracts or Annuities	0.95 – 1.05
Limited Partnerships	0.95 – 1.15
Real Property	0.90 – 1.15
Options, Futures, or Other Derivatives	1.00 – 1.25
Mutual or Hedge Fund Activities	1.00 – 1.25
Plan Assumptions	0.90 – 1.10
Audit Status	1.00 – 1.50
Performance	0.90 – 1.15
Diversification	0.95 – 1.05
Delinquent Contributions	1.00 – 2.00
Percentage of Plan(s) Assets Invested in Employer	0.90 – 1.75
Sponsor Stock	
Recession Impact	1.00 – 1.50
Other	0.95 – 1.05

COUNTRYWIDE RATING FACTORS

FIDUCIARY LIABILITY RATING FACTORS

Table 76.B. Named Organization Characteristics

Named Organization Characteristics:	Factors
D&O Litigation: within last 5 years	1.00 – 1.50
D&O Litigation: none	0.90 – 1.00
Merger and Acquisition: within last 3 years	1.00 – 1.25
SEC Offering(s)	1.00 – 1.25
Financials	1.00 – 1.25
Age	0.90 – 1.10
Business Type	0.90 – 1.10
Layoffs, Downsizing, Spin-offs	1.00 – 1.50

Table 76.C. Program Stability

Program Stability:	Factors
Percentage of Retired or Separated Participants	0.90 – 1.10
Loss Control Procedures	0.90 – 1.25
Labor Relations	0.90 – 1.10
Quality of Plan(s) Documentation	0.95 – 1.10
Regulatory Exposure	0.90 – 1.10
Management Experience	0.90 – 1.25
Age of Plan	0.95 – 1.05
Employee Plan(s) Option Selection	0.90 – 1.10
Plan Mergers, Sales, Spin-offs, or Terminations	1.00 – 2.00
Benefit Reductions	1.00 – 2.00
Other	0.95 – 1.05

COUNTRYWIDE RATING FACTORS

Miscellaneous Professional Liability Rating Factors

Rule 81. B. - Classification Factor

Classification	Factor
Social Service Institutions	1.00
Educational Institutions	1.00
Religious Institutions	1.00
All Other	1.00

Rule 81.E. - Claims-Made Multipliers

Years in Claims Made	Claims-Made Multiplier
1	0.70
2	0.80
3	0.90
4	0.95
5	1.00

Rule 84.B. - Increased Limit Factors

Limit	ILF
500/500	0.800
1M/1M	1.000
1M/3M	1.100
2M/2M	1.250
3M/3M	1.500
4M/4M	1.750
5M/5M	2.000

COUNTRYWIDE RATING FACTORS

Miscellaneous Professional Liability Rating Factors

Table 85.C. - Deductible Factor

Deductible	Factor
2,500	1.05
5,000	1.00
7,500	0.99
10,000	0.98
15,000	0.97
20,000	0.96
25,000	0.95
50,000	0.93
100,000	0.90

COUNTRYWIDE CLASSIFICATIONS

Social Service And Healthcare Professional Classifications

Rule 51A. - Entity Classifications

Classification	Not-For Profit	Other than Not For Profit
Adoption/Foster Placement	N1000	P1000
Adult Day Care	N1001	P1001
Agencies For Aging or Senior Citizens	N1002	P1002
Case Management (Comm.Support, Home Study)	N1003	P1003
Contracted Beds	N1004	P1004
Counseling Centers (indiv, group, foster & adoption)	<10,000 annual contacts	P1005
	10,000-20,000 annual contacts	N1006
	>20,000 annual contacts	P1007
Crisis Hotline	N1008	P1008
Day School	N1009	P1009
Drug & Alcohol Treatment Center (Other Than Methadone Maintenance) - outpatient counseling	N1010	P1010
DUI Counseling/Class	N1011	P1011
Family Skills Training	N1012	P1012
Home Health Care	N1013	P1013
Homeless Shelters	N1014	P1014
Home Studies	N1015	P1015
Hospice (outpatient only)	N1016	P1016
Inpatient Medical Detox - medications are dispensed to lessen the detox/withdrawal process	N1017	P1017
Meals On Wheels	N1018	P1018
Methadone Maintenance	N1019	P1019
Misc - Other	N1020	P1020
Non Medical Detox - inpatient services where medications are not dispensed and use of counseling and /or support services are employed	N1021	P1021
Referral Agencies	N1022	P1022
Residential Treatment/Halfway House	N1023	P1023
Sheltered Workshop, Work Activity and Training	N1024	P1024
Supervised Living Arrangements	N1025	P1025

COUNTRYWIDE CLASSIFICATIONS

Social Service And Healthcare Professional Classifications

Rule 51A. - Individual Professional Classifications

Classification	Not-For-Profit	Other than Not For-Profit
Counselors - Contracted	N2001	P2001
Counselors - Employed	N2002	P2002
Doctor - Contracted/Employed Other than psychiatrists (primary)	N2003	P2003
Doctor - Contracted/Employed Other than psychiatrists (excess)	N2004	P2004
Nurses - Employed/Contracted	N2005	P2005
Nurse Practitioners (Primary)	N2006	P2006
Nurse Practitioners (Excess)	N2007	P2007
Nutritionist/Dietician	N2008	P2008
Occupational Therapist	N2009	P2009
Other Professionals	N2010	P2010
Physical Therapist	N2011	P2011
Psychologists	N2012	P2012
Psychiatrists	N2013	P2013
Social Workers - Contracted	N2014	P2014
Social Workers - Employed	N2015	P2015

COUNTRYWIDE CLASSIFICATIONS

Fiduciary Liability Classification Table

A. Educational Services

Classification Description	Class Code	Fiduciary Rating Factor
Elementary and Secondary Schools	61110	1.00
Junior Colleges	61120	1.00
Colleges, Universities, and Professional Schools	61130	1.00
Business Schools and Computer and Management Training	61140	1.00
Technical and Trade Schools	61150	1.00
Other Schools and Instruction	61160	1.00
Educational Support Services	61170	1.00

B. Health Care And Social Assistance

Classification Description	Class Code	Fiduciary Rating Factor
Ambulatory Health Care Services	62100	2.00
Hospitals	62200	2.00
Nursing and Residential Care Facilities	62300	2.00
Social Assistance	62400	2.00

C. Arts, Entertainment And Recreation

Classification Description	Class Code	Fiduciary Rating Factor
Performing Arts, Spectator Sports, and Related Industries	71100	1.00
Museums, Historical Sites, and Similar Institutions	71200	1.00
Amusement, Gambling, and Recreation Industries	71300	1.00

COUNTRYWIDE CLASSIFICATIONS

Fiduciary Liability Classification Table

D. Other Services (Except Public Administration)

Classification Description	Class Code	Fiduciary Rating Factor
Repair and Maintenance	81100	0.75
Personal and Laundry Services	81200	0.75
Religious, Grantmaking, Civic, Professional and Similar Organizations	81300	0.75

E. Public Administration

Classification Description	Class Code	Fiduciary Rating Factor
Executive, Legislative, and Other General Government Support	92109	1.00
Justice, Public Order, and Safety Activities	92299	1.00
Administration of Human Resource Programs	92300	1.00
Administration of Environmental Quality Programs	92400	1.00
Administration of Housing Programs, Urban Planning, and Community Development	92500	1.00
Administration of Economic Programs	92600	1.00
Space Research and Technology	92700	1.00
National Security and International Affairs	92800	1.00

COUNTRYWIDE RATE PAGES

17. COVERAGE PART MINIMUM PREMIUM

A. Coverage Part Minimum Premium

The minimum premium for the individual coverage parts is:

1. Management Liability Coverage Part \$1,500.
2. Educator's Management Liability Coverage Part
 - a. Educator's Management Liability Coverage Part including EPLI - 1,500.
 - b. Educator's Management Liability Coverage Part excluding EPLI - 1,000.
3. Social Service and Healthcare Professional Liability Coverage Part \$1,000.
4. Sexual Abuse or Molestation Liability Coverage Part (refer to sexual abuse Countrywide Rate page for minimum premiums).
5. Fiduciary Liability Coverage Part \$1,000.
6. Miscellaneous Professional Liability Coverage Part \$1,500

18. ADDITIONAL PREMIUM CHANGES

B. Waiver Of Premium

Waive additional premium of \$15.00 or less.

19. RETURN PREMIUM CHANGES

B. Waiver Of Premium

Waive return premium of \$15.00 or less.

COUNTRYWIDE RATE PAGES

Management Liability Rate Page

Rule 31.A - Flat premium charge - Refer to the applicable state rate pages for this premium charge

Rule 31.A - Base premium charges

Number of FTEs			Base rate - refer to the applicable state rate pages for these rates
0	to-	25	
26	to-	50	
51	to-	100	
100	to-	250	
251	to-	500	
over	500		

Rule 38A. Endorsement Premium charges

1. Coverage Extension - Liability to Volunteers **MP 2020**
The premium for this endorsement is \$250.00

4. Coverage Extension - Publication Services Endorsement **MP 2023**
The premium for this endorsement is \$500.00

COUNTRYWIDE RATE PAGES

Educator's Management Liability Rate Page

Rule 41 A. - Coverage A -

Number of students			Base rate
0	to-	500	7.00
501	to-	1,500	4.25
1,501	to-	2,500	2.50
2,501	to-	5,000	1.50
5,001	to-	7,500	1.25
7,501	to-	10,000	1.00
over	10,000		0.75

Rule 41 F. - Coverage B -

Number of FTEs			Base rate
0	to-	25	100
26	to-	50	80
51	to-	100	60
101	to-	250	50
251	to-	500	40
over	500		30

Rule 48A. Endorsement Premium charges

1. Coverage Extension - Liability to Volunteers **MP 3020**
The premium for this endorsement is \$250.00
4. Coverage Extension - Publication Services Endorsement **MP 2023**
The premium for this endorsement is \$500.00

COUNTRYWIDE RATE PAGES

Social Service And Healthcare Professional Liability Rate Page

Rule 51A. - Entity Base Rates

Class	Exposure Basis	Rate
Adoption/Foster Placement	per placement	121.16
Adult Day Care	per 100 client contacts	5.00
Agencies For Aging or Senior Citizens	per 100 client contacts	14.76
Case Management (Comm. Support, Home Study)	per 100	41.12
Contracted Beds	per bed	625.70
Counseling Centers (indiv, group, foster & adoption)	<10,000 annual contacts	per 100 client contacts 66.42
	10,000-20,000 annual contacts	56.58
	>20,000 annual contacts	49.95
Crisis Hotline	per call	0.19
Day School	per 100 clients	22.53
Drug & Alcohol Treatment Center (Other Than Methadone Maintenance)	per 100 client contacts	78.35
DUI Counseling/Class	per 100 client contacts	25.07
Family Skills Training	per 100 clients	40.42
Home Health Care	per 100 clients	82.89
Homeless Shelters	per bed	316.68
Home Studies	per 100 client contacts	23.15
Hospice (outpatient only)	per 100 clients	96.94
Inpatient Medical Detox	per bed	1,445.36
Meals on Wheels	per meal	0.11
Methadone Maintenance	per slot	105.57
Misc - Other	various	Refer to Company
Non Medical Detox	per bed	454.49
Referral Agencies	per 100 clients	63.41
Residential Treatment/Halfway House	per bed	224.29
Sheltered Workshop, Work Activity and Training	per 100 clients	22.42
Supervised Living Arrangements	per bed	81.43

COUNTRYWIDE RATE PAGES

Social Service And Healthcare Professional Liability Rate Page

Rule 51A. - Professional FTE Base Rates

Counselors - employed		per practitioner	50.00
Nurses - contracted/employed		per nurse	75.00
Nutritionist/Dietician		per nutritionist/dietician	200.00
Occupational Therapist		per therapist	100.00
Psychologist	0-10	per psychologist	793.80
	11-20		467.10
	21-40		267.30
	over 40		refer to company
Physical Therapist		per therapist	450.00
Social Workers - employed		per practitioner	75.00

Rule 58C. Professionals Added by Endorsement

Endorsements		Exposure Basis	Rate
Counselors - Contracted		per practitioner	50.00
Doctor - Contracted/Employed other than psychiatrists (primary)		per practitioner	2,025.00
Doctor - Contracted/Employed other than psychiatrists (excess)		per practitioner	300.00
Nurse Practitioners (Primary)		per practitioner	1,620.00
Nurse Practitioners (Excess)		per practitioner	324.00
Other Professionals		per practitioner	100.00
Psychiatrist	0-5	per psychiatrist	1,514.70
	6-10		1,136.70
	11-20		619.65
	21+		refer to company
Social Workers - Contracted		per practitioner	75.00

COUNTRYWIDE RATE PAGES

Social Service And Healthcare Professional Liability Rate Page

Rule 58A. Endorsement Premium charges

1. Amendment - Clinical or Experimental Trials **MP 4020**

Base rate - \$500.00 - Phase I trials

Multiply the base rate by a factor of .50 for Phase II trials and multiply the base rate by a factor of .25 for Phase III trials.

2. Contractual Liability Coverage Extension **MP 4021**

The premium for this endorsement is \$250.00

3. Additional Insured - Designated Person Or Organization **MP 4024**

The premium for this endorsement is \$50.00 per person or organization. The maximum premium charge per policy period is \$500.00.

4. Waiver of Subrogation **MP 4042**

The premium for this endorsement is \$150.00 for each waiver.

COUNTRYWIDE RATE PAGES

Sexual Abuse or Molestation Liability Rate Page

Rule 16. Minimum Premium

<u>Limit</u>	<u>Min Premium</u>
100/100	\$500
100/300	\$600
250/250	\$750
250/500	\$850
500/500	\$1,000
500/1M	\$1,100
1M/1M	\$2,000
1M/3M	\$3,000
2M/2M	\$3,000
3M/3M	\$3,000

Rule 61.A - Base premium charges

Base rate table	Claims-made	Occurrence
Rate per student	4.00	4.60
Rate per employee	69.00	79.35

Rule 68.C. Endorsement Premium charges

1. Additional Insured - Foster Parents **MP 5021**

The premium for this endorsement is \$50.00 per foster family.

2. Additional Insured - Contracted Professionals **MP5022**

The premium for this endorsement is \$50.00 per additional insured.

COUNTRYWIDE RATE PAGES

Fiduciary Liability

Rule 71.A - Base Rate

			basic limit
Total Employee Benefits Program Assets			rate
0	-	1,000,000	\$585
1,000,001	-	5,000,000	\$1,005
5,000,001	-	15,000,000	\$1,590
15,000,001	-	25,000,000	\$2,130
25,000,001	-	50,000,000	\$2,820
50,000,001	-	75,000,000	\$3,540
75,000,001	-	100,000,000	\$4,140
100,000,001	-	200,000,000	\$5,340
200,000,001	-	350,000,000	\$7,125
350,000,001	-	500,000,000	\$8,775
500,000,001	-	750,000,000	\$10,590
750,000,001	-	1,000,000,000	\$12,465
1,000,000,001	-	5,000,000,000	\$22,830
5,000,000,001	-	10,000,000,000	\$35,940
10,000,000,001	-	15,000,000,000	\$46,305
15,000,000,001	-	25,000,000,000	\$58,500

COUNTRYWIDE RATE PAGES

Miscellaneous Professional Liability

Rule 81. A. - Base Rates

		Employee	Non-employee
		(Primary)	(Excess)
Class	Exposure Basis	Rate	Rate
Accountant	per accountant	1500	400
Attorney	per attorney	2500	600
Architect	per architect	4000	1400
Engineer	per engineer	4000	1400
Financial Counselor	per financial counselor	2500	600

Rating Examples

Rule 15. Interpolation

Example:

Limit	ILF
100	1.50
250	1.75

Need ILF for 150

- A) $X_L = 1.50$ $X_H = 1.75$
 B) $Y_L = 100$ $Y_H = 250$
 C) $Y = 150$
 D) $X = [1.50*(250-150) + 1.75*(150-100)] / (250 - 100) = 237.5/150$
 $= 1.583$

Rating Example Management Liability

				flat charge	\$500
limit	1M/1M				
deductible	\$ 2,500			number of employees	rate
CM/Occ	2nd year	claims made		0- 25	\$76.00
Class	Social Serv			26- 50	\$50.00
				51-100	\$34.00
				101-250	\$20.00
Employees (full time)		200		251-500	\$10.00
Volunteers/Part time (50% employee)		50		501+	\$5.00

- Determine number of Full Time Equivalent (FTE) employees. In this example there are 200 full time employees, and 50 volunteers/part time. This results in $200 + (50 \times .5) = 225$ FTEs.
- Next, rate the FTEs as follows:
 - The first 25 are charged a rate of 76 = $25 \times 76 = 1900$.
 - The next 25 are charged a rate of 50 = $25 \times 50 = 1250$.
 - The next 50 are charged a rate of 34 = $50 \times 34 = 1700$.
 - The next 125 are charged a rate of 20 = $125 \times 20 = 2500$.
 - Plus we add the flat fee charge of 500.

The sum of the premiums from each band results in total premium of \$7,850

- Multiply by the following applicable factors:

x Classification factor for Social Serv risks.	x	1.00
x Increased limits factor for the 1M/1M limit selected.	x	1.00
x Deductible discount factor for 2500.	x	1.06
x Claims Made/Occurrence multiplier for 2nd year.	x	0.80
x For Profit modifier (N/A)	x	1.00
x Defense expense modifier (N/A)	x	1.00
- Total premium = \$6,657

**Rating Example
Educators Management Coverage A**

limit	1M/1M		number of employees	rate
deductible	\$ 2,500		0 - 500	\$7.00
CM/Occ	2nd year	claims made	501 - 1500	\$4.25
Class	Educational		1501 - 2500	\$2.50
			2501 - 5000	\$1.50
Number of Students		3,750	5001 - 7500	\$1.25
			7501 - 10000	\$1.00
			over	
			10000	\$0.75

- 1 Determine number of Students. In this example there are 3750.
- 2 Next, rate the Students as follows:
 - The first 500 are charged a rate of 7 = 500 x 7 = 3500.
 - The next 1000 are charged a rate of 4.25 = 1000 x 4.25 = 4250.
 - The next 1000 are charged a rate of 2.5 = 1000 x 2.5 = 2500.
 - The next 1250 are charged a rate of 1.5 = 1250 x 1.5 = 1875.

The sum of the premiums from each band results in total premium of \$12,125

- 3 Multiply by the following applicable factors:

x Classification factor for Educational risks.	x	0.60
x Increased limits factor for the 1M/1M limit selected.	x	1.00
x Deductible discount factor for 2500.	x	1.05
x Claims Made/Occurrence multiplier for 2nd year.	x	0.80
x For Profit modifier (N/A)	x	1.00
Defense expense modifier		
x (N/A)	x	1.00
- 4 Total premium = \$6,111

**Rating Example
Educators Management Coverage B**

limit	1M/1M	number of employees	rate
deductible	\$ 2,500	0- 25	\$100.00
CM/Occ	2nd year	26- 50	\$80.00
Class	Educational	51-100	\$60.00
	claims made	101-250	\$50.00
		251-500	\$40.00
		501+	\$30.00

Employees (full time)	200
Volunteers/Part time (50% employee)	50

- 1 Determine number of Full Time Equivalent (FTE) employees. In this example there are 200 full time employees, and 50 volunteers/part time. This results in $200 + (50 \times .5) = 225$ FTEs.
- 2 Next, rate the FTEs as follows:
 - The first 25 are charged a rate of 100 = $25 \times 100 = 2500$.
 - The next 25 are charged a rate of 80 = $25 \times 80 = 2000$.
 - The next 50 are charged a rate of 60 = $50 \times 60 = 3000$.
 - The next 125 are charged a rate of 50 = $125 \times 50 = 6250$.

The sum of the premiums from each band results in total premium of \$13,750

- 3 Multiply by the following applicable factors:

x Classification factor for Educational risks.	x	1.00
x Increased limits factor for the 1M/1M limit selected.	x	1.00
x Deductible discount factor for 2500.	x	1.00
x Claims Made/Occurrence multiplier for 2nd year.	x	0.80
x For Profit modifier (N/A)	x	1.00
x Defense expense modifier (N/A)	x	1.00
- 4 Total premium = \$11,000

INDIVIDUAL RISK PREMIUM MODIFICATION - MANAGEMENT PORTFOLIO

1. APPLICATION OF THIS SECTION OF THE MANUAL

This Section contains the Individual Risk Premium Modification Plans for the Management Portfolio coverages.

2. ELIGIBILITY

A. Application Of The Plans

1. The Plan contained in Rules **3.A.** may be applied to the applicable individual coverage part premium or the individual coverage part premium.
2. These Plans shall be applied to the applicable Management Portfolio Coverage Part premium after the application of all other rating procedures.

B. Ineligible Premiums

These Plans may not be applied to any premium indicated within this manual as being an ineligible premium for the application of these plans.

3. RATING MODIFICATIONS

A. Management Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

B. Educator's Management Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

C. Social Service and Healthcare Professional Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

D. Sexual Abuse or Molestation Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

E. Fiduciary Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

F. Miscellaneous Professional Liability Individual Risk Premium Modification Plan

The company premium for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

Table 3.A. Rating Modifications – Management Liability Individual Risk Premium Modification Plan

Risk Characteristic	Range of Modifications		
	Credit		Debit
Management & Experience	0.75	up to	1.25
Employment & Training Practices	0.75	up to	1.25
Internal Loss Prevention Program	0.90	up to	1.10
Classification Peculiarities	0.90	up to	1.25

Table 3.B. Rating Modifications – Educator's Management Liability Individual Risk Premium Modification Plan

Risk Characteristic	Range of Modifications		
	Credit		Debit
Management & Experience	0.75	up to	1.25
Employment & Training Practices	0.90	up to	1.10
Internal Loss Prevention Program	0.85	up to	1.15
Classification Peculiarities	0.90	up to	1.25

Table 3.C. Rating Modifications – Social Service and Healthcare Professional Liability Individual Risk Premium Modification Table

Risk Characteristic	Range of Modifications	
	Credit	Debit
Management Quality & Facility Standards	0.90 up to	1.25
Experience of Firm & Management	0.75 up to	1.25
Experience of Staff	0.90 up to	1.15
Training Practices & Continuing Education	0.90 up to	1.15
Internal Loss Prevention Programs	0.90 up to	1.10
Classification Peculiarities	0.90 up to	1.25

Table 3.D. Rating Modifications – Sexual Abuse or Molestation Liability Individual Risk Premium Modification Plan

Risk Characteristic	Range of Modifications	
	Credit	Debit
Quality & Experience	0.75 up to	1.25
Services	0.75 up to	1.25
Staffing	0.75 up to	1.25
Class Peculiarities	0.75 up to	1.25

Table 3.E. Rating Modifications – Fiduciary Liability Individual Risk Premium Modification Plan

Risk Characteristic	Range of Modifications		
	Credit		Debit
Classification Peculiarities	0.90	up to	1.25
Executive Experience	0.75	up to	1.25
Significant Transaction Event	0.90	up to	1.15
Board of Directors	0.90	up to	1.15
Industry Practices	0.90	up to	1.10

Table 3.F. Rating Modifications – Miscellaneous Professional Liability Individual Risk Premium Modification Plan

Risk Characteristic	Range of Modifications		
	Credit		Debit
Quality & Experience	0.75	up to	1.25
Services	0.75	up to	1.25
Staffing	0.75	up to	1.25
Class Peculiarities	0.75	up to	1.25

The following exceptions apply.

21. RESIDENT AGENT COUNTERSIGNATURE

Rule 21. does not apply.

22. DESCRIPTION OF ADDITIONAL ENDORSEMENTS

The following is added to Paragraph **A**:

3. Arkansas – Consumer Information **CVL AR50**
4. Arkansas Changes – Cancellation And Nonrenewal Endorsement **CVL AR55**

30. MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

The following is added to paragraph **B.2.**:

- c. Arkansas Consent Form **CVL AR51**

This endorsement must be attached when **MP 2001** is attached to the policy.
- d. Arkansas Changes - Extended Reporting Period **MP AR20**

This endorsement must be attached when **MP 2001, MP 2002** or **MP 2003** is attached to the policy.

34. MANAGEMENT LIABILITY COVERAGE PART – INCREASED LIMITS

The following is added to paragraph **B**:

The minimum limit that can be purchased is \$500,000.

36. MANAGEMENT LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

Paragraph **C.** is replaced by the following:

- C.** There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period. However:
 1. The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.
 2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of

coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

37. MANAGEMENT LIABILITY COVERAGE PART – RETROACTIVE DATE

Paragraph **A.** is replaced by the following:

- A.** The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive

Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:

1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

38. MANAGEMENT LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to Paragraph **B.** item **6.** Loss Redefined - Exclusion of Punitive Damages **MP 2013** or **MP 2014.**

These forms are not available in Arkansas.

The following is added to Paragraph **B:**

9. Arkansas Loss Redefined - Exclusion Of Punitive Damages **MP AR21** or **MP AR22**

Use **MP AR21** when **MP 2001** is attached to the policy. Use **MP AR22** when either **MP 2002** or **MP 2003** is attached to the policy. These endorsements clarify that punitive damages are not considered covered loss.

40. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

The following is added to paragraph **B.2.**:

c. Arkansas Consent Form **CVL AR51**

This endorsement must be attached when **MP 3001** is attached to the policy.

d. Arkansas Changes - Extended Reporting Period **MP AR30**

This endorsement must be attached when **MP 3001, MP 3002** or **MP 3003** is attached to the policy.

44. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – INCREASED LIMITS

The following is added to paragraph **B**:

The minimum limit that can be purchased is \$500,000.

46. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

Paragraph **C.** is replaced by the following:

C. There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period. However:

1. The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.
2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

47. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART – RETROACTIVE DATE

Paragraph **A.** is replaced by the following:

- A.** The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:

1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

48. EDUCATOR'S MANAGEMENT LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to Paragraph **B**, item **7**. Loss Redefined - Exclusion of Punitive Damages **MP 3016** or **MP 3017**.

These forms are not available in Arkansas.

The following is added to Paragraph **B**:

8. Arkansas Loss Redefined - Exclusion Of Punitive Damages **MP AR31** or **MP AR32**

Use **MP AR31** when **MP 3001** is attached to the policy. Use **MP AR32** when either **MP 3002** or **MP 3003** is attached to the policy. These endorsements clarify that punitive damages are not considered covered loss.

50. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to Paragraph **B.2**.

- c. Arkansas Changes - Subrogation And Transfer Of Rights Of Recovery Against Others To Us **CVL AR52**

This endorsement must be attached when **MP 4001** or **MP 4002** is attached to the policy.

- d. Arkansas Changes - Extended Reporting Period **MP AR40**

This form must be attached when **MP 4002** is attached to the policy.

e. Arkansas Changes **MP AR41**

This form must be attached when **MP 4002** is attached to the policy.

56. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
- EXTENDED REPORTING PERIOD - APPLICABLE TO COVERAGE FORM **MP 4002** ONLY

Paragraph **C.** is replaced by the following:

- C.** There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period. However,
1. The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.
 2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

57. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
- RETROACTIVE DATE - APPLICABLE TO COVERAGE FORM **MP 4002** ONLY

Paragraph **A.** is replaced by the following:

- A.** The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:
1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
 2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
 3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

58. SOCIAL SERVICE AND HEALTHCARE PROFESSIONAL LIABILITY COVERAGE PART
– DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added Paragraph **B**, item **1**. Exclusion - Punitive Damages **CVL 0518**:

This form is not available in Arkansas.

The following is added to Paragraph **B**:

5. Arkansas Punitive Damages Exclusion **CVL AR53**

This endorsement clarifies that punitive damages are excluded.

60. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – DESCRIPTION
OF COVERAGE

The following is added to Paragraph **C.2.**:

c. Arkansas Consent Form **CVL AR51**

This endorsement must be attached when **MP 5006** is attached to the policy.

d. Arkansas Changes - Subrogation And Transfer Of Rights Of Recovery Against Others To Us **CVL AR52**

This endorsement must be attached when **MP 5001, MP 5002, MP 5003, MP 5006, MP 5007 or MP 5008** is attached to the policy.

e. Arkansas Changes - Extended Reporting Period **MP AR50**

This form must be attached when **MP 5006, MP 5007 or MP 5008** is attached to the policy.

e. Arkansas Consent Form **MP AR51**

This endorsement must be attached when **MP 5001** is attached to the policy.

66. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – EXTENDED
REPORTING PERIOD

Paragraph **C**. is replaced by the following:

C. There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period.
However:

- 1.** The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the

aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.

2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

67. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART – RETROACTIVE DATE

Paragraph **A.** is replaced by the following:

- A.** The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:
 1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
 2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
 3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

68. SEXUAL ABUSE OR MOLESTATION LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to Paragraph **B.** item **1.** Exclusion - Punitive Damages **CVL 0518**:

This form is not available in Arkansas.

The following is added to Paragraph **B**:

4. Arkansas Punitive Damages Exclusion **CVL AR53**

This endorsement clarifies that punitive damages are excluded.

70. FIDUCIARY LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

The following is added to Paragraph **B.3.**:

c. Arkansas Consent Form **CVL AR51**

This endorsement must be attached when **MP 6001** is attached to the policy.

d. Arkansas Changes - Extended Reporting Period **MP AR60**

This form must be attached when **MP 6001** is attached to the policy.

77. FIDUCIARY LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

Paragraph **C.** is replaced by the following:

C. There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period.

However:

1. The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.
2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

78. FIDUCIARY LIABILITY COVERAGE PART – RETROACTIVE DATE

Paragraph **A.** is replaced by the following:

A. The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:

1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

79. FIDUCIARY LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to Paragraph **C.** item **5.** Loss Redefined - Exclusion of Punitive Damages **MP 6013.**

This form is not available in Arkansas.

The following is added to Paragraph **C.:**

6. Arkansas Loss Redefined - Exclusion of Punitive Damages **MP AR61**

This endorsement clarifies that punitive damages are not considered covered loss.

80. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE

The following is added to paragraph **B.3.:**

c. Arkansas Consent Form **CVL AR51**

This endorsement must be attached when **MP 7001** is attached to the policy.

d. Arkansas Changes - Extended Reporting Period **MP AR70**

This endorsement must be attached when **MP 7001** is attached to the policy.

86. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – EXTENDED REPORTING PERIOD

Paragraph **C.** is replaced by the following:

C. There is no separate or additional Limit of Liability for the Basic Extended Reporting Period and the Supplemental Extended Reporting Period. However,

- 1.** The Limit of Liability available during the Basic Extended Reporting Period shall be the remaining amount, if any, of the aggregate Limit of Liability available at the time this policy was cancelled or nonrenewed.

2. The Limit of Liability available during the Supplemental Extended Reporting Period shall be no less than the greater of the amount of coverage remaining in the expiring policy aggregate or fifty percent (50%) of the aggregate Limit of Liability at policy inception.

87. MISCELLANEOUS PROFESSIONAL LIABILITY COVERAGE PART – RETROACTIVE DATE

- A. The Retroactive Date is a specific date shown in the Declarations of the policy. Any wrongful act that occurred prior to the Retroactive Date is not covered, even if a claim for such wrongful act is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for the named organization, it can only be advanced with the written consent of the named organization, and then only:
 1. If there is a change in carrier, and coverage is not rewritten in the same insurance company or insurance company group;
 2. If there is a substantial change in the named organization's operations which would have been a material factor in the insurer's acceptance or declination of the risk; or
 3. At the request of the named organization.

Prior to the advancement of the Retroactive Date under any of these conditions, the insurance company must obtain the written acknowledgement of the named organization acknowledging that the named organization has been advised of the right to purchase the Extended Reporting Period Endorsement.

88. MISCELLANEOUS LIABILITY COVERAGE PART - DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added item **A.1. Exclusion - Punitive Damages CVL 0518:**

This form is not available in Arkansas.

The following is added to Paragraph **B:**

4. Arkansas Punitive Damages Exclusion **CVL AR53**

This endorsement clarifies that punitive damages are excluded.

Management Liability Rates**Rule 31.A - Flat premium charge - \$675****Rule 31.A - Base premium charges -**

Number of FTEs			Base rate
0	to-	25	\$ 103
26	to-	50	\$ 68
51	to-	100	\$ 46
100	to-	250	\$ 27
251	to-	500	\$ 14
over	500		\$ 7

Educator's Management Liability Rates**Rule 41 F. - Coverage B -**

Number of FTEs			Base rate
0	to-	25	\$ 135
26	to-	50	\$ 108
51	to-	100	\$ 81
101	to-	250	\$ 68
251	to-	500	\$ 54
over	500		\$ 41

SERFF Tracking Number: AMLX-125303643 State: Arkansas
Filing Company: American Alternative Insurance Corporation State Tracking Number: AR-PC-07-026208
Company Tracking Number: ML AR0225701R01
TOI: 05.2 Commercial Multi-Peril - Liability Portion Sub-TOI: 05.2003 Commercial Package
Only
Product Name: Management Portfolio Product
Project Name/Number: Initial Product Filing/ML AR0225701R01

Supporting Document Schedules

Satisfied -Name: Rate/Rule EM **Review Status:** Filed 10/01/2007
Comments:
Attachment:
Rate_Rule EM.PDF

Satisfied -Name: AR - NAIC P&C TRANSMITTAL DOCUMENT, AR - NAIC RATE RULE FILING SCHEDULE **Review Status:** Filed 10/01/2007
Comments:
Attachments:
AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF
AR - NAIC RATE RULE FILING SCHEDULE.PDF

Explanatory Memorandum – Rate Development

Management Portfolio

The American Alternative Insurance Corporation (AAIC) is filing the enclosed Management Portfolio rates/rules for use. This is a new product filing designed to meet the needs of religious institutions, education institutions and social service organizations.

AAIC does not have any experience writing these types of risks, so this product is based mainly on competition. We have identified several competitors for each coverage that write similar risks in the marketplace. Unless otherwise noted, the proposed rates are based upon these competitor's rates. Rates were developed for the following coverages:

- **Management Liability (ML)** – Provides coverage for directors & officers.
- **Educators Management Liability (EML)** - This is Educators Management Liability (EML) – coverage A in the AAIC filing. Provides coverage for educators/school board legal liability.
- **Employment Practices Liability Insurance (EPLI)** – This exists within the Educators Management Liability (EML) – coverage B in the AAIC filing. Provides coverage for employment practices liability.
- **Social Service Healthcare Professional Liability (SSHPL)** – Provides professional coverage for various social service type risks.
- **Sexual Abuse (SA)** – Provides coverage for sexual abuse and molestation coverage. In addition to competitor's rates, AAIC also used some internal industry data to help develop a rate.
- **Miscellaneous Professional** – Provides coverage for accountants, attorneys, architects, engineers, and financial consultants. Rates are based primarily upon underwriting judgment with some blending of rates in the marketplace.
- **Fiduciary Liability** – Rates are based on Insurance Services Office, Inc. (ISO).

We are filing this new product in every state to make it available for AAIC insureds. Currently AAIC does not offer a similar existing product for these coverages in any state.

As we write this business, we will capture statistical data for this product. As the business grows, we can revise the rates based on actual experience.

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Munich Re Group	0361

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Alternative Insurance Corporation	DE	19720	52-2048110	

5. Company Tracking Number	ML AR0225701R01
-----------------------------------	-----------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Kathryn R. Sine, CWCP 555 College Road East Princeton, NJ 08543-5241	Senior State Filing Analyst	800-305-4954 Ext. 5630	609-275-2147	ksine@munichreamerica.com

7. Signature of authorized filer	<i>Kathryn R. Sine</i>
8. Please print name of authorized filer	Kathryn R. Sine, CWCP

Filing Information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	05.2 Commercial Multi-Peril - Liability Portion Only
10. Sub-Type of Insurance (Sub-TOI)	05.2003 Commercial Package
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]	N/A
12. Company Program Title (Marketing Title)	PNP Management Portfolio Product
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 10/15/07 Renewal: 10/15/07
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	n/a
17. Reference Organization # & Title	n/a
18. Company's Date of Filing	09/25/07
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	ML AR0225701R01
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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American Alternative Insurance Corporation (AAIC) is introducing a new "Management Portfolio" product for your review and approval. This is a newly developed product, designed for the following business segments:

- Religious Institutions
- Educational Institutions
- Social Service Organizations

The Management Portfolio product consists of the following coverage parts:

- Management Liability
- Educator's Management Liability
- Social Service and Healthcare Professional Liability
- Sexual Abuse Liability
- Fiduciary Liability
- Miscellaneous Professional Liability

Details on eligibility and the applicability of each of the coverage parts to the three business segments are outlined in the enclosed rate/rule manual. As required, the companion forms have been submitted under separate cover.

Enclosed for you review is the following:

- Rates and Rules:
- Management Portfolio - Rate/Rule Manual (countrywide pages MP-CW-1 through MP-CW-84). Please refer to Table of Contents for details
 - Management Portfolio - State Exception Pages
 - Explanatory Memorandum - Rate Development

This filing has no impact on existing AAIC policyholders, as this is a new market segment for AAIC.

22.	<p>Filing Fees (Filer must provide check # and fee amount if applicable.) [If a state requires you to show how you calculated your filing fees, place that calculation below]</p> <p>Check #: E-Check # 17006183 Amount: \$125.00</p> <p>\$100 Rates / \$25 Rules E-Check Date: 09/18/2007</p> <p style="text-align: center;">Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>
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***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PROPERTY & CASUALTY RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	ML AR0225701R01
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	ML AR0225701F01
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)
American Alternative Insurance Corporation	N/A	0	0	0	0	0	0
	N/A	0	0	0	0	0	0

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when Applicable)	Overall % Rate Impact	Written Premium Change for this program	# of policyholders affected for this program	Written premium for this program	Maximum %Change (where required)	Minimum %Change (where required)

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication(when applicable)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing - Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
7.	Effective Date of last rate revision	N/A
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A

9.	Rule # or Page # Submitted for Review	Replacement or withdrawn?	Previous state filing number, if required by state
01	MP-CW-1-84 12/06	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	RU AR-1--10; RT AR-1 12/06	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	