

SERFF Tracking Number: MXCC-125344646 State: Arkansas  
Filing Company: Maxum Casualty Insurance Company State Tracking Number:  
Company Tracking Number: AR-TRK-R-004  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Transportation Rate Filing 2007  
Project Name/Number: AR-TRK-R-004/

## Filing at a Glance

Company: Maxum Casualty Insurance Company

Product Name: Transportation Rate Filing 2007 SERFF Tr Num: MXCC-125344646 State: Arkansas

TOI: 09.0 Inland Marine

SERFF Status: Closed

State Tr Num:

Sub-TOI: 09.0005 Other Commercial Inland Marine

Co Tr Num: AR-TRK-R-004

State Status: FEES NOT RECEIVED

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Author: Belinda Randall

Disposition Date: 11/07/2007

Date Submitted: 11/05/2007

Disposition Status: Exempt from Review

Effective Date Requested (New): 01/01/2008

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal): 02/01/2008

Effective Date (Renewal): 02/01/2008

## General Information

Project Name: AR-TRK-R-004

Status of Filing in Domicile: Pending

Project Number:

Domicile Status Comments: N/A

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 11/07/2007

State Status Changed: 11/07/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The purpose of this filing is to revise rates/rules previously filed and being used in Arkansas. Where a specific exception page is not indicated there is no change to either Maxum Casualty Insurance Company or ISO rates/rules and forms previously being used.

## Company and Contact

### Filing Contact Information

SERFF Tracking Number: MXCC-125344646 State: Arkansas  
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Product Name: Transportation Rate Filing 2007  
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Belinda Randall, Compliance Filing Specialist brandall@mxmsig.com  
6455 E. Johns Crossing (678) 597-4673 [Phone]  
Duluth, GA 30097 ()-[FAX]

**Filing Company Information**

Maxum Casualty Insurance Company CoCode: 10784 State of Domicile: Georgia  
6455 E. Johns Crossing Group Code: Company Type: PC  
Suite 325  
Duluth, GA 30024 Group Name: State ID Number:  
(678) 597-4673 ext. [Phone] FEIN Number: 58-2281249  
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SERFF Tracking Number: *MXCC-125344646* State: *Arkansas*  
Filing Company: *Maxum Casualty Insurance Company* State Tracking Number:  
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Product Name: *Transportation Rate Filing 2007*  
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## **Filing Fees**

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

SERFF Tracking Number: MXCC-125344646

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State Tracking Number:

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	11/07/2007	11/07/2007
Exempt from Review	Llyweyia Rawlins	11/07/2007	11/07/2007

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State: Arkansas  
 State Tracking Number:  
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## Disposition

Disposition Date: 11/07/2007  
 Effective Date (New): 01/01/2008  
 Effective Date (Renewal): 02/01/2008  
 Status: Exempt from Review  
 Comment: Correction on filing fee to be \$25.

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:
Maxum Casualty Insurance Company	1.260%	\$922	12	\$73,190	13.300%	-5.900%	50.600%

SERFF Tracking Number: MXCC-125344646

State: Arkansas

Filing Company: Maxum Casualty Insurance Company

State Tracking Number:

Company Tracking Number: AR-TRK-R-004

TOI: 09.0 Inland Marine

Sub-TOI: 09.0005 Other Commercial Inland Marine

Product Name: Transportation Rate Filing 2007

Project Name/Number: AR-TRK-R-004/

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Filing Documentation	Accepted for Informational Purposes	Yes
<b>Supporting Document</b>	Actuarial Justification	Accepted for Informational Purposes	Yes
<b>Rate</b>	Rules	Accepted for Informational Purposes	Yes
<b>Rate</b>	Maximized Coverage	Accepted for Informational Purposes	Yes
<b>Rate</b>	Other Rating Factors	Accepted for Informational Purposes	Yes

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 Product Name: Transportation Rate Filing 2007  
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## Disposition

Disposition Date: 11/07/2007

Effective Date (New): 01/01/2008

Effective Date (Renewal): 02/01/2008

Status: Exempt from Review

Comment: Contingent on receiving filing fee of \$100.

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:
Maxum Casualty Insurance Company	1.260%	\$922	12	\$73,190	13.300%	-5.900%	50.600%

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State: Arkansas

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<b>Supporting Document</b>	Filing Documentation	Accepted for Informational Purposes	Yes
<b>Supporting Document</b>	Actuarial Justification	Accepted for Informational Purposes	Yes
<b>Rate</b>	Rules	Accepted for Informational Purposes	Yes
<b>Rate</b>	Maximized Coverage	Accepted for Informational Purposes	Yes
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## Rate Information

Rate data applies to filing.

**Filing Method:** File & Use - Informational  
**Rate Change Type:** Increase  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:** 04/12/2006  
**Filing Method of Last Filing:** File & Use - Informational

## 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):
Maxum Casualty Insurance Company	50.600%	1.260%	\$922	12	\$73,190	13.300%	-5.900%

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## Supporting Document Schedules

**Satisfied -Name:** Actuarial Justification

### Review Status:

Accepted for Informational 11/07/2007  
Purposes

### Comments:

Attached please find actuarial justification for filing, including:

Actuarial memo

Determination of rate level changes for Inland Marine

### Attachments:

Actuarial Filing Memo.pdf

Determination of Rate Level - Inland Marine.pdf

Maxum Casualty Insurance Company  
Actuarial Filing Memorandum  
Transportation Program

The Company began writing Transportation with significance the last half of 2005. Earned premium prior to July 1 totaled \$38,846. Earned premium from July 1, 2005 through June 30, 2006 totaled \$4,031,942. For the sake of simplicity, all Company experience through June 30, 2006 is considered one accident year period in following exhibits.

ISO rate filings were relied upon as a source for loss development factors, trends, and unallocated loss adjustment expense ratios. ISO 15-to-ultimate loss development factors were adjusted for the 12-15 month development period and for anticipated additional development due to a relatively younger than average accident date. Because of rapid growth the average accident dates of Company experience range from January through April rather than the typical December 31 mid-point. Judgment and Company quarterly development triangles were used to make the adjustment.

Exhibits I, II, and III, as described below, are included for each coverage grouping: Combined Single Limits Liability, Physical Damage, and Cargo.

Exhibit I – Determination of Rate Level Changes

This exhibit shows the determination of an indicated rate change using losses determined in Exhibit II for a given state and in Exhibit III for countrywide. Earned Premium was adjusted for liability to basic \$100,000 limits assuming an average policy limit of one million dollars and increased limits factor of 1.85. Earned Premium for Physical Damage was assumed to be split 80/20 between Collision and Other Than Collision. A state loss ratio is credibility weighted with the countrywide loss ratio to arrive at an indicated rate change.

Exhibit II – Determination of Losses

This exhibit shows state reported losses and allocated loss adjustment expense for two accident year periods, the first ending June 30, 2006 and the second ending June 30, 2007. Liability losses are capped at the basic \$100,000 level. Incurred losses and ALAE (row 1) are developed to ultimate with all loss adjustment expenses by applying loss development factors and unallocated loss adjustment factors from Section A. (Unallocated loss adjustment expense is accounted for using ratios from a special ISO study.) Developed losses with all loss adjustment expense (row 2) are then trended from the average accident date of the experience to one year past the anticipated effective date of the filing, the anticipated average accident date (row 3). ISO trend factors were used for liability and physical damage, and cargo was assumed to behave like physical damage collision.

Exhibit III – Determination of Losses

This exhibit is identical to Exhibit II except the loss experience included is countrywide rather than for one state.

MAXIMUM CASUALTY INSURANCE COMPANY  
TRANSPORTATION PROGRAM  
ARKANSAS

Exhibit I

COMMERCIAL AUTOMOBILE CARGO INSURANCE  
DETERMINATION OF RATE LEVEL CHANGES

		(1) EARNED PREMIUM AT CURRENT RATE LEVEL	(2) INCURRED LOSSES	(3) EXPERIENCE LOSS RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
ARKANSAS						
CARGO	6/30/2006	\$ -	\$ -	0.0%	0%	-
	6/30/2007	\$ 32,770	\$ -	0.0%	100%	-
COUNTRYWIDE						
CARGO	6/30/2006	\$ 337,145	\$ 512,261	151.9%	30%	19
	6/30/2007	\$ 1,014,185	\$ 836,193	82.4%	70%	40
(6)	AVERAGE LOSS RATIO - ARKANSAS (3)					
(7)	EXPECTED LOSS RATIO (ELR)					
(8)	CREDIBILITY (SQ ROOT OF (5) / 1084)					
(9)	CREDIBILITY COMPLEMENT - COUNTRYWIDE LOSS RATIO (3)					
(10)	CREDIBILITY WEIGHTED LOSS RATIO					
	[(6) * (8)] + [(9) * (1.0 - (8))]					
(11)	INDICATED PERCENTAGE CHANGE IN RATE					
	(10) / (7) - 1					

COMMERCIAL AUTOMOBILE CARGO INSURANCE  
 DETERMINATION OF CARGO LOSSES

	ACCIDENT YEAR ENDING	CARGO
(1) INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ - -
(2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ - -
(3) SELECTED ANNUAL LOSS TREND	6/30/2006 6/30/2007	2.0%
(4) TRENDED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ - -

(A) PAID LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING:  
 1 - PAID LOSSES ARE ADJUSTED TO INCLUDE ALL LOSS ADJUSTMENT EXPENSES BY THE  
 FOLLOWING FACTORS:  
 CARGO  
 1.090

2 - LOSS DEVELOPMENT FACTORS:

YEAR ENDING	CARGO
6/30/2006	1.00
6/30/2007	1.15

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS  
 PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND AN ANTICIPATED  
 IMPLEMENTATION DATE OF 09/01/2006 FOR OTC AND COLLISION, WHICH ARE ASSUMED FOR THE  
 PURPOSE OF TRENDDING.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD CARGO	ANTICIPATED AVE ACCIDENT DATE
6/30/2006	4/6/2006	2.486	10/1/2008
6/30/2007	1/1/2007	1.750	10/1/2008

COMMERCIAL AUTOMOBILE CARGO INSURANCE  
 DETERMINATION OF CARGO LOSSES

	ACCIDENT YEAR ENDING	CARGO
(1) INCURRED LOSSES AND ALLOATED LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ 447,387 \$ 644,365
(2) DEVELOPED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ 487,652 \$ 807,711
(3) SELECTED ANNUAL LOSS TREND		2.0%
(4) TRENDED LOSSES AND ALL LOSS ADJUSTMENT EXPENSES	6/30/2006 6/30/2007	\$ 512,261 \$ 836,193

(A) PAID LOSSES AND ALLOATED LOSS ADJUSTMENT EXPENSES ARE ADJUSTED BY THE FOLLOWING:  
 1 - PAID LOSSES ARE ADJUSTED TO INCLUDE ALL LOSS ADJUSTMENT EXPENSES BY THE  
 FOLLOWING FACTORS: CARGO  
 1.090  
 2 - LOSS DEVELOPMENT FACTORS:

YEAR ENDING	CARGO
6/30/2006	1.00
6/30/2007	1.15

(B) TRENDED LOSSES ARE EQUAL TO (2) \* ((1.0 + (3))\*\*N), WHERE N IS EQUAL TO THE NUMBER OF YEARS  
 PROJECTION FROM THE AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND AN ANTICIPATED  
 IMPLEMENTATION DATE OF 09/01/2006 FOR OTC AND COLLISION, WHICH ARE ASSUMED FOR THE  
 PURPOSE OF TRENDED.

YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD CARGO	ANTICIPATED AVE ACCIDENT DATE
6/30/2006	4/6/2006	2,486	10/1/2008
6/30/2007	1/1/2007	1,750	10/1/2008

**COMMERCIAL LINES MANUAL  
DIVISION EIGHT – INLAND MARINE  
STATE OF ARKANSAS  
MAXUM CASUALTY INSURANCE COMPANY**

**DEDUCTIBLE:** All rates shown contemplate a \$1,000 deductible. For deductibles other than \$1,000, use the appropriate rating factor shown below.

***Deductible Rating Factors:***

Deductible	\$250	\$500	\$1,000	\$2,500	\$5,000	\$10,000
\$0 to \$50,000 Limit	1.20	1.10	1.00	0.80	0.70	0.60
\$50,001 to \$100,000 Limit	1.30	1.15	1.00	0.85	0.75	0.70
\$100,001 to \$250,000 Limit	1.40	1.20	1.00	0.90	0.80	0.75

*THEFT:* Deductible is automatically the higher of \$1,500 or the regular deductible if trailer unattached at time of loss

**MILEAGE  
ADJUSTMENT  
FACTOR:**

Average Mileage per Unit	0-300 Mile Radii Factor	Over 300 Mile Radii Factor
1 - 60,000	0.80	0.85
60,001 - 80,000	0.85	0.90
80,001 - 95,000	0.95	0.90
95,001 - 110,000	1.05	0.95
110,001 - 120,000	1.15	1.05
Over 120,000 miles	1.25	1.10

**AVERAGE RATING:** To achieve more equitable pricing of cargo coverage, rating may be based on the percentage of exposure of each commodity hauled.

All premium calculations are based on the maximum value of each commodity. The limit of cargo liability, however, shall be the value of the commodity with the highest maximum value.

**HIRED AUTO CARGO:**

<u>Cargo Limit</u>	<u>Rate</u>
0 - 50,000	1.75
50,001 - 100,000	2.50
100,001 +	5.00

Rates apply per \$100 of cost for all hired tractors, trailers and trucks. Minimum cost of hire as stated in Rule 90 **HIRED AUTOMOBILE** will apply.

Policy will have hired car liability and cargo coverage for above to apply.

COMMERCIAL LINES MANUAL  
DIVISION EIGHT – INLAND MARINE  
STATE OF ARKANSAS  
MAXUM CASUALTY INSURANCE COMPANY

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**Maximized Coverage**

- A. General Rules
1. Eligibility is limited to policies containing Liability, Physical Damage and Cargo coverage
  2. Any individual coverage required beyond the specifications in Item B. of this rule do not qualify for these rates and are subject to the appropriate rates and rules specified within Maxum Casualty Insurance Company Transportation Program Exception Pages.
- B. Coverage and Limit
1. **Hired Automobile Cargo** – Exception Page CR-2.

Rates are replaced as follows:

<u>Cargo Limit</u>	<u>1 Unit Rate</u>	<u>2+ Unit Rate</u>
\$0 - \$100,000	\$1.00	\$1.00

Rates apply per \$100 of cost for all hired tractors, trailers and trucks. Minimum cost of hire as stated in Rule 90 **Hired Automobiles** will apply.

COMMERCIAL LINES MANUAL  
DIVISION EIGHT – INLAND MARINE  
STATE OF ARKANSAS  
MAXUM CASUALTY INSURANCE COMPANY

The following factors apply to Cargo coverages unless otherwise specified:

**ROUTE FACTOR**

Route Type	Radius	1 Power Unit	2+ Power Units
< 90% of all loads to limited destinations and regularly obtained from freight brokers	All	1.00	1.05
<90% of all loads to limited destinations and regularly obtained directly from shippers	All	0.95	1.00
>=90% of all loads to limited destinations and regularly obtained from freight brokers	All	0.90	0.95
>=90% of all loads to regular destinations and regularly obtained directly from shippers	0-300	0.85	0.90
	Over 300	0.80	0.85

**NEW VENTURE SURCHARGE**

A factor of 1.20 will be applied to all new ventures. A factor of 1.10 will be applied to accounts operating for less than two years. A factor of 1.05 will be applied to accounts operating for less than two years with at least two years hauling for primary shipper.

**PACKAGE CREDIT (1-10 units)**

A factor of .95 will apply to cargo when auto liability is written with physical damage and cargo.

**SURCHARGE FOR NON-FREEWAY TRAVEL**

For risks accruing less than 66% of total mileage on roads other than limited-access and divided interstate freeways a factor of 1.05 will be applied to those risks with a maximum operating radius under 100 miles and a factor of 1.10 will be applied to those risks with a maximum operating radius of 101 to 300 miles.

**REVENUE PER MILE SURCHARGE**

A factor of 1.05 will apply to accounts with a minimum operating radius of 300 miles and that have developed a ratio of total revenue divided by total mileage under \$1.10.

**ACCOUNT SIZE CREDIT**

A factor of .90 will apply to new business accounts with one power unit. A factor of 1.00 will apply to new business accounts with more than one power unit. A factor of .85 will apply to renewal accounts with one power unit. A factor of .95 will apply to renewal accounts with more than one power unit.

**STATE TIER FACTOR**

If the business of the insured requires completion of schedules for annual taxes and fees that depict miles traveled by state, apply the following factors based on the highest non-garaging state with mileage from regular operations.

Tier	States Included	Cargo
1	AL, DE, FL, LA, MS, NJ	1.10
2	CA, CT, MD, MA, NY, PA, RI, VA, WV, TX	1.05
3	AR, GA, ID, IL, KY, MO, NV, NM, NC, OK, OR, SC, TN, WA	1.05
4	All Other States	1.00

**MAXUM CASUALTY INSURANCE COMPANY  
TRANSPORTATION PROGRAM  
FILING MEMORANDUM – INLAND MARINE  
ARKANSAS**

**1. Filing Basis**

As a company producing business just over a year, our historical data is limited to the few policies currently in-force. Consequently, the impact to our book results over the next three years will be dominated by business not yet written. While the changes outlined make us more profitable in difficult niches and more competitive in target niches, it's very difficult to precisely peg the rate impact to existing business.

We can identify the maximum possible rate impact to any single account and have listed these changes in the attached exhibits. We also can fairly accurately estimate the average rate impact using the credibility generated by countrywide results.

Overall, this filing produces coverage and rates consistent with the offerings of key competitors such as Northland Insurance Company, Carolina Casualty Insurance Company, Canal Insurance Company and Great West Casualty Insurance Company. The changes delineated below are based upon the best practices of MCIC's key competitors and several agents who have provided bench-marks of the proposed rates and coverages against those being offered in the market place.

**2. Rate and Rule Exception Pages**

Where a specific exception page is not indicated, there is no change to either MCIC or ISO rates/rules and forms previously being used.

<b>Exception Page</b>	<b>Description of Change</b>	<b>Exhibit</b>
CR-2	Differentiated the mileage factor based on the radius of the account.	Exhibit 6b
CM-EX-5	Introducing package rates for specified coverages available on qualified risks.	N/A
GR-CM-99	Differentiated the route factor based on size of risk.	Exhibit 5a, 5b, 5c

**3. Overall Change: +1.26%**