

SERFF Tracking Number: PERR-125213126 State: Arkansas
Filing Company: ACE American Insurance Company State Tracking Number: #101155 \$100
Company Tracking Number: 07-GL-186-R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: 07-GL-186-R
Project Name/Number: 07-GL-186-R/07-GL-186-R

Filing at a Glance

Company: ACE American Insurance Company

Product Name: 07-GL-186-R

TOI: 17.1 Other Liability - Claims Made Only

Sub-TOI: 17.1019 Professional Errors & Omissions Liability

Filing Type: Rate

SERFF Tr Num: PERR-125213126 State: Arkansas

SERFF Status: Closed

Co Tr Num: 07-GL-186-R

Co Status:

Authors: Lance Julian, Addy Anggelico

Date Submitted: 11/07/2007

State Tr Num: #101155 \$100

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Disposition Date: 11/18/2007

Disposition Status: Filed

Effective Date (New):

Effective Date Requested (New): 12/08/2007

Effective Date Requested (Renewal): 12/08/2007

Effective Date (Renewal):

General Information

Project Name: 07-GL-186-R

Project Number: 07-GL-186-R

Reference Organization:

Reference Title:

Filing Status Changed: 11/18/2007

State Status Changed: 11/18/2007

Corresponding Filing Tracking Number: 07-GL-186-F

Filing Description:

On behalf of Ace American Insurance Company ("the Company"), we are revising their currently approved Computer & Technology Products and Services Professional Liability program. Please see the enclosed filing memorandum for details.

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

The Company respectfully requests that this filing be implemented for all policies on December 8, 2007 or the earliest possible date upon approval/acknowledgement.

<i>SERFF Tracking Number:</i>	<i>PERR-125213126</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>ACE American Insurance Company</i>	<i>State Tracking Number:</i>	<i>#101155 \$100</i>
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Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the rates and rules contained in this filing along with the filing memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company response will be submitted to your attention as soon as we receive it.

We trust you will find this submission acceptable and as such look forward to your approval.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Lance Julian, State Filings Project Coordinator doi@perrknight.com
 881 Alma Real Drive ste 205 (888) 201-5123 [Phone]
 Pacific Palisades, CA 90272 (310) 230-8529[FAX]

Filing Company Information

ACE American Insurance Company	CoCode: 22667	State of Domicile: Pennsylvania
881 Alma Real Drive	Group Code: 626	Company Type: Property and Casualty

Suite 205	Group Name:	State ID Number:
Pacific Palisades, CA 90272	FEIN Number: 95-2371728	
(888) 201-5123 ext. 149[Phone]	-----	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	\$100 per rate/rule filing.
Per Company:	No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ACE American Insurance Company	\$0.00	11/07/2007	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
101155	\$100.00	09/21/2007

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State: Arkansas

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	11/18/2007	11/18/2007

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Disposition

Disposition Date: 11/18/2007
 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:
ACE American Insurance Company	0.000%	\$0	8	\$12,553	4.300%	-0.700%	%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing Memorandum, Actuarial Exhibits and Letter of Authority	Filed	Yes
Rate	General Rules	Filed	Yes

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: Decrease
Effective Date of Last Rate Revision: 09/01/2005
Filing Method of Last Filing: Prior Approval

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):
ACE American Insurance Company	%	0.000%	\$0	8	\$12,553	4.300%	-0.700%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	General Rules	C&T-1 through C&T-10	Replacement	Not available Countrywide Rate and Rule Manual.pdf

I. APPLICATION OF MANUAL

- A. The rules contained in these pages will govern the writing of Professional Liability policies for Computer & Technology Products and Services Professional Liability.
- B. The rules, rates, rating plans and forms filed on behalf of the Company will govern in all cases not specifically provided for by these rules.

2. POLICY TERM

Policies may be written for a term of one year, and renewed annually thereafter.

3. PREMIUM COMPUTATION

- A. Premiums at policy inception will be computed using rules, rates and rating plan in effect at that time.
- B. When a policy is issued for other than a whole year, the premiums will be computed on a pro-rata basis.
- C. Premiums are calculated as specified for the respective coverage. The final premium will be rounded in accordance with the whole dollar rule.

4. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively, as opposed to being added together, unless otherwise specified.

5. POLICY WRITING MINIMUM PREMIUM

The minimum premium will be based upon the applicable rate class specified in section 15. PREMIUM CALCULATION RULES.

6. WHOLE DOLLAR RULE

- 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, e.g., .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.

7. ADDITIONAL PREMIUM CHARGES

- 1. Calculation of Premium
 - a. All coverage changes or additions involving additional premiums will be pro-rated based upon the effective date of the change.
 - b. Apply the rates and rules in effect on the effective date of the policy, or if the change is made after an anniversary date of the policy, apply the rates and rules in effect on that anniversary date. The additional premium developed is in addition to any applicable policy writing minimum premium.
- 2. Waiver of Premium
 - a. Additional premiums at or below \$25 may be waived.
 - b. This waiver only applies to that portion of the premium due on the effective date of the policy changes.

8. RETURN PREMIUM CHARGES

1. Premium Computation

- a. Compute return premiums at the rates used to calculate the policy premium
- b. Deletion of any coverage other than an optional coverage is not permitted unless the entire policy is cancelled.
- c. Compute return premiums pro-rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced.

Waiver of Premium

- a. Additional premiums at or below \$25 may be waived.
- b. This waiver only applies to that portion of the premium due on the effective date of the policy changes.
- c. Any return premium due the insured must be granted if the insured requests it.

9. POLICY CANCELLATIONS

1. Pro Rata Cancellation

Calculate return premium pro rata and round to the next higher whole dollar when a policy is canceled.

- a. At the Company's request due to the nonpayment of premium.
- b. Because the insured no longer has a financial interest in the business operation that is the subject of this insurance
- c. And rewritten in the same company or company group

2. Other than Pro Rata Cancellation

- a. Calculate return premium at 90% of the unearned premium and round to the next higher whole dollar when a policy is canceled at the insured's request

10. COVERAGE

Computer & Technology Products and Services Professional Liability is provided on a Claims-made and Reported basis and provides coverage for those claims which are the result of wrongful acts occurring on or after the retroactive date and first made and reported to the company while the policy is in force or an extended reporting period applies.

11. LIMITS OF LIABILITY

Optional limits of liability are available with this policy. The minimum limit available is \$100,000 each wrongful act and \$100,000 policy aggregate. Higher limits are offered up to a maximum of \$5,000,000 each wrongful act and \$5,000,000 policy aggregate using the Limits Factors shown in the table below:

(Interpolate pro-rata for limits /Deductibles in-between those shown)

Limits of Liability	Factor
100/100	.65
300/300	.75
500/500	.85
500/1,000	.90
1,000/1,000	1.00
1,000/2,000	1.08
1,000/3,000	1.15
2,000/2,000	1.45
2,000/4,000	1.50
3,000/3,000	1.75
4,000/4,000	2.00
5,000/5,000	2.25

12. DEDUCTIBLE

The rates contained in these rules contemplate \$2,500 deductible. Other deductible options may be offered using the deductible factors shown in the table below. These factors are to be multiplied by the selected Limits Factor:

Deductible Factors

Deductible	Factor
\$ 1,000	1.15
\$ 2,500	1.00
\$ 5,000	0.95
\$10,000	0.85
\$25,000	0.75
\$50,000	0.55
\$100,000	0.45
\$250,000	0.30

13. PRIOR ACTS COVERAGE

The policy may be extended to provide Prior Acts coverage to those insureds whose most recent coverage has been claims-made.

The Retroactive Date will be the inception of the insured's first claims-made policy. This Retroactive Date will be maintained on each successive renewal. When the Company agrees to write coverage following a claims-made policy written by another insurance company, the Retroactive Date will be the insured's first date of claims-made coverage provided that:

- A. There has been no lapse in coverage;
- B. The preceding insurance company is acceptable to the Company; and
- C. The insured certifies in the application for insurance that there are no known incidents that might give rise to a claim.

If the insured has been covered under a claims-made policy for one or more years immediately preceding the effective date of the policy to be issued, or for reasons acceptable to the Company had been uninsured or self-insured and Prior Acts coverage is desired, the following procedure will apply:

- A. Determine the number of consecutive years in which the insured has been insured under a claims-made policy.
- B. Determine the number of years the insured has been either uninsured or self-insured.
- C. The sum of the years from A. and B. will be the "prior years exposure." Fractional years of 6 months or more will be rounded up to the next higher year. Less than 6 months will be rounded down to the next lower year.
- D. The Prior Acts factor is determined from the table below:

Claims Made Year	Prior Acts Factor
1st	.85
2nd	.90
3rd	.95
4th +	1.00

Note: *The Retroactive Date may be advanced only at the request of the insured or with written acknowledgement.*

1. The base rate contemplates an annual policy period. Apply the appropriate factor from the table below based on the desired number of years. The Aggregate Policy Limit is reinstated annually.

Number of Years	Annual Aggregate
1 st	1.00
2 nd	2.00
3 rd	3.00

2. A factor of 0.95 per year can be applied if the policy premium is pre paid

14. EXTENDED REPORTING PERIOD COVERAGE

For purposes of clarification, "claims-made coverage period" means that period of time between the effective date of the first claims-made policy issued to the named insured by the Company and the cancellation or non-renewal of the last consecutive claims-made policy issued, where there has been no gap in coverage, but does not include any period covered by Extended Reporting Period coverage.

With the exception of the 90 day Basic Extended Reporting Period, the offering of the Extended Reporting Period coverage will not apply if we refuse to renew this policy due to non-payment of premium or any material misrepresentations in the application for this policy.

Extended Reporting Periods provide additional time in which to report **Claims** that arise from **Wrongful Acts** which occur subsequent to the **Retroactive Date** as shown in Item 2B of the Declarations, but prior to the effective date of cancellation or nonrenewal of the policy . They do not extend the **Policy Period** or change the scope of coverage provided by the policy. Once in effect, **Extended Reporting Periods** may not be canceled. The **Extended Reporting Periods** shall be part of and not in addition to the Limits of Liability for the immediately preceding **Policy Period**. The **Extended Reporting Periods** shall not increase or reinstate the Limits of Liability, which shall be the maximum liability of the **Insurer** for the **Policy Period** and the **Extended Reporting Periods**, combined.

A. Supplemental Extended Reporting Period

If this policy is terminated by nonrenewal or cancellation (other than for failure to pay a premium when due), The insured has the right to purchase a Supplemental **Extended Reporting Period**. The options for a Supplemental **Extended Reporting Period** and their respective premiums are specified in this subsection B. below. This supplemental period starts when the Basic **Extended Reporting Period** ends, and covers **Claims** first made against the **Insured** and reported to **Us** during the **Supplemental Reporting Period** arising from **Wrongful Acts** that took place on or after the **Retroactive Date** and prior to the effective date of such nonrenewal or cancellation. **We** will provide the Insured with Supplemental **Extended Reporting Period** coverage and issue a Supplemental **Extended Reporting Period** Endorsement:

B. The insured may purchase one of the following Supplemental **Extended Reporting Periods**:

Years of Coverage Option	% of Last Claims-Made Policy Annual Premium
1	100%
3	220%
5	250%

1. Upon termination of the policy, any return premium due the insured shall be credited toward the premium for the Supplemental Extended Reporting Period coverage, if such coverage is requested by the insured. If any premium is due the Company for the policy period between the effective or retroactive date and the termination date, any monies received by the Company from the insured for Supplemental Extended Reporting Period coverage will first be applied to the premium owing the Company and then to the Supplemental Extended Reporting Period coverage premium.

15. PREMIUM CALCULATION RULES

- A. Rating Classes.** The computer and technology business is grouped into the following Rating Classes for the purpose of establishing relative exposure levels:

Rating Classes	
Class 1	Basic Limits Minimum Premium: \$500 Computer Hardware Re-Sales IT Training & Education Off-the-shelf Software Re-Sales Technical Writing Records Management / Retrieval
Class 2	Basic Limits Minimum Premium: \$750 Network Design & Administration Software Installation & Maintenance Computer Hardware Installation & Maintenance Telephone System Installation System Design / Engineering Automation / Word Processing Advertising Services & Graphic Design Imaging Services ISP-Internet Service Provider
Class 3	Basic Limits Minimum Premium: \$1,000 Telecommunication Consulting Database Design / Management Data Intelligence & Data Mining Business Application Software Development Office Automation ERP / CRM Implementation & Maintenance Content/Search Services/FTP Static Web Design, Development Internet Media Services E-commerce / E-Tail Web Design Implement OTS Firewall & Anti-Virus Software Temporary IT Staffing and Placement IT Project Management & Consulting

Class 4	Basic Limits Minimum Premium: \$1,500 Accounting/Financial/Payroll (no funds transfer) Application Service Provider VOIP Service Provider Webcasting / Online Forums Web Hosting HIPAA & SOX IT Auditing Disaster Recovery Services/Backup Services Medical Office Systems & Billing Computer Aided Design (Non-structural) Telecom Switching System Software
Class 5	Basic Limits Minimum Premium: \$2,000 Computer Security Software Development Medical Records Management & Retrieval Real Time Network Monitoring Data Restoration
Class 6	Basic Limits Minimum Premium: \$2,500 Computer Aided Design (Structural) Manufacturing Systems (Robotics, PLC, CAM) Medical Diagnostic & Patient Monitoring Funds Transfer Software (EFT, Securities Trading, Clearing & Settlement) Scientific and Technical Systems

B. Rates. The following tables display the Base Rates and Base Rate Adjustments which correspond to the computer and technology Rating Classes:

Base Rates	
Rate Class	Base Rate per \$100 Revenue
1	\$0.26
2	\$0.52
3	\$1.04
4	\$1.56
5	\$1.93
6	\$2.61

Base Rate Adjustment Factors	
Revenue	% of Base Rate
First \$50,000	None
Next \$200,000	50.0%
Next \$750,000	25.0%
Next \$2,000,000	20.0%
Next \$2,000,000	17.5%
Next \$5,000,000	15.0%
Next \$10,000,000	12.5%
Next \$15,000,000	10.0%
Next \$15,000,000	9.0%
Next \$50,000,000	8.0%

C. Schedule Rating

Premiums may be modified to reflect positive or negative individual risk characteristics that have a bearing on the potential for loss. The application of schedule rating will be governed by the following rules:

1. All eligible computer and technology risks rated under this plan will be subject to the application of schedule rating factors described below.
2. Each risk will be documented in writing with respect to the credit or debit factors used.
3. The credits or debits used will be based upon evidence that is contained in the file at the time the modification is applied.

4. The premium may be modified in accordance with the following Risk Characteristics subject to a maximum modification shown in the table below on page 8.

Risk Characteristic	Factor
Key professionals are accredited or certified by recognized organizations or associations.	0.975-1.025
Quality of written Contracts	
Low Contract includes assumption of contract liability, damages beyond that legally imposed by law, guarantees or warranties	1.20-1.29
Below Average Indemnities, hold harmless provisions favor client, no description of professional services	1.10-1.19
Average Defines Scope of services, mutual hold harmless provisions, utilizes standardized professional services engagement letter	1.00-1.09
Above Average If applicant uses a standardized contract with mutual hold harmless provisions. Limitation of liabilities, addresses duties to parties	0.90-0.99
System design work is documented and tested.	0.90 to 1.00
Client "sign-off" required upon completion of project.	0.90 to 1.00
Years in business	
Less than 3 year	1.16-1.25
3-4 years	1.00-1.15
4-6 years	0.96-1.05
7 to 10 years	0.91-0.95
11-20 years	0.86-0.90
Experience of Key Professionals	
Less than 3 years	1.16-1.25
3-6 years	1.06-1.15
6-10 years	0.96-1.05
11-20 years	0.91-0.95
Written procedures to ensure compliance with statute or regulatory authorities	0.975-1.025
Continuing Education required for all employees on annual basis	0.975-1.025
Formalized In-house training procedures for professionals employees	0.975-1.025
Internal Audit procedures	0.975-1.025
Use of Restrictive Endorsements	0.90-.1.00
Use of Expansive Endorsements	1.00-1.10

The total debit or credit, for Subjective Rate Modifications above, cannot exceed the percentage shown in the list/ table below.

AL, AR, AZ, CA, CO, CT, DC, DE, FL, ID, IN, KS, KY, MA, MD, MI, MN, MS, ND, NJ, NV, OH, PA, RI, TN, TX, UT and WI are capped +/-25%. All other states will use the below table.

-15/+15		-25/+25		-40/+25		-40/+40		-50/+40		-50/+50	NA1
NY2	IA	LA2	OK	SC	AK	GA	IL	HI			
	MO	NM	OR		ME		NC	NE			
		WA	PR		MT		VT				
			SD		NH		VA				
					WV		WY				

¹ NA = Schedule Rating is not available

² Characteristics capped at +/-10%.

D. Experience Rating

Based upon the claim history of an insured over the preceding 5-year period, a debit not to exceed 65% shall be applied to the premium for the first subsequent policy period. The criteria used to determine the application of experience rating is as follows:

1. Number of claims:

Reported Claims	Debit
0 to 3	0%
4 to 6	5%
7 to 10	15%
10 or more	Not Eligible

2. Loss Experience

Loss Ratio	Debit
0% to 69%	0%
70% to 80%	10%
81% to 90%	15%
90% to 100%	20%
Over 100%	25%

3. Cause of Loss:

Causes	Debit
No more than 3 claims with the same or similar cause of loss	5% to 10%
More than 3 claims with the same or similar cause of loss.	15%

Debits are to be applied on a one-year basis and then reviewed annually for subsequent applicability using the above criteria.

16. PREMIUM CALCULATION

Premiums are to be calculated in the following manner:

- Step 1.** Determine the appropriate rating categories by reviewing the application and referring to Section 15. Premium Calculation Rules, A. Rating Classes. Select the rating classes which correspond to the covered products and services work performed by the applicant.
- Step 2.** Determine the applicable **Base Rate** by multiplying the percentage of anticipated annual revenue for the next 12-month period by the rates that correspond to the selected Rate Classes. Sum the products of these rates multiplied by their respective percentages to determine the applicable **Base Rate**. The rates are displayed in Section 15. Premium Calculation Rules, B. Rates.
- Step 3.** Using the **Base Rate Adjustment Factors** from the table in Section 15. Premium Calculation Rules, B. Rates, multiply the applicable **Base Rate** from Step 2 by the total annual revenue for the next twelve-month period to determine the **Base Premium**.
- Step 4.** Multiply the appropriate **Limits Factor** from section 11. Limits of Liability by the selected **Deductible Factor** from Section 12. Deductible to arrive at a combined limit/Deductible factor. Multiply this factor by the **Base Premium** developed in Step 3.
- Step 5.** Multiply the premium from Step 4 by the **Prior Acts Factor** found in section 13. Prior Acts, paragraph D.
- Step 6.** Determine the appropriate schedule rating credit or debit using the rules outlined in Section 15. C. Schedule Rating. Convert the combined credit and debit percentages to a **Schedule Rating Factor**, e.g., a 10% credit converts to a factor of .90; a 10% debit converts to a factor of 1.10. Multiply the premium from Step 6 by the **Schedule Rating Factor**.
- Step 7.** Determine the appropriate experience rating debit using the rules outlined in Section 15. D. Experience Rating. Convert the total debit percentage to an **Experience Rating Factor**. Multiply the premium from Step 7 by the **Experience Rating Factor** to arrive at the **Modified Premium**.
- Step 8.** Determine whether or not the **Modified Premium** from Step 8 is greater than the **Risk Specific Minimum Premium** using the following steps:
 - a. Calculate the **Risk Specific Minimum Premium** by multiplying the Rate Class revenue percentages developed in Step 2 by the **Basic Limits Minimum Premiums** displayed in the Rating Classes table in Section XVI. Premium Calculation Rules. Sum the resulting products to arrive at the **Risk Specific Minimum Premium**.
 - b. If the limit of liability offered is \$1,000,000 or less, and the **Final Modified Premium** is less than the **Risk Specific Minimum Premium** developed in Step a., use the **Risk Specific Minimum Premium**.
 - c. If the limit of liability offered is more than \$1,000,000 and the **Final Modified Premium** is less than the **Risk Specific Minimum Premium** developed in Step a., repeat Steps 2 through 8 using the **Risk Specific Minimum Premium** developed in Step a. in lieu of the **Base Rate**.

17. OPTIONAL COVERAGES

A. an optional endorsement places Damages and Defense Costs Not Included in Limits of Liability

All amounts paid as **Damages** with respect to a **Wrongful Act** are subject to the applicable Limits of Liability. All **Defense Costs** with respect to a **Claim** or **Suit** shall not be paid or deducted from the applicable Limits of Liability, provided, however, that the **Our** duty under this policy to provide or pay for defense of a single **Claim** shall cease when the "Each **Wrongful Act**" Limit of Liability specified in the Declarations is exhausted by the **Our** payment of **Damages** for that **Claim**. Further, **our** duty under this policy to provide or pay for any defense shall cease entirely when the "Policy Aggregate" Limit of Liability specified in the Declarations is exhausted by **our** payment of **Damages** for 20% additional premium.

The Company or the Insured may elect the option of including defense costs outside the Limit of Liability. When this option is chosen, the base premium may be increased 20%.

Example: Base Premium: \$1,000
 ILF 1.95
 Deductible .90
 Defense Offset 1.20
 $\$1,000 \times (1.95 \times .90 \times 1.20) = \$2,106$

B. Contingent Bodily Injury / Property Damage.

A Contingent Bodily Injury and Physical Damage buyback may be purchased in consideration of an additional premium charge as shown in the following table:

No Contingent Bodily /Property Damage coverage can be bound for companies providing hardware, software or services to healthcare industry.

Rating Classes	% of Base Premium
1 and 2	5.0%
3 and 4	10.0%
5 and 6	15.0%

Note: Select the Rate Class that corresponds to the majority of the work performed by the applicant/insured, i.e., if any operations performed are in class 5 or 6, the additional premium would be 15% of the Final Premium.

C. Intellectual Property Infringement Endorsement.

An Intellectual Property Infringement buyback may be purchased in consideration of an additional premium. The charge is based upon a sub-limit of liability. The maximum sub-limit available is \$1,000,000 the Aggregate Policy Limit. The optional coverage may be purchased in consideration of an additional premium charge based on the final premium, as noted below.

A. <u>Limit of Liability</u>	<u>Additional Premium</u>
\$100,000	10%
\$300,000	15%
\$500,000	20%
\$1,000,000	25%

B. <u>Limit of Liability (Enhanced)</u>	<u>Additional Premium</u>
\$100,000	15%
\$300,000	20%
\$500,000	25%
\$1,000,000	30%

D. IT Staffing Agency Professional Liability Endorsement.

The policy can be endorsed to provide coverage for errors and omissions related to the Insured acting as a Staffing Agency. IT Staffing Agency Professional Liability Coverage may be purchased in consideration of an additional premium charge as follows:

Rating Classes	% of Base Premium
1 and 2	5.0%
3 and 4	10.0%
5 and 6	15.0%

Note: Select the Rate Class that corresponds to the majority of the work performed by the applicant/insured, i.e., if any operations performed are in class 5 or 6, the additional premium would be 15% of the Final Premium.

E. Multiple Insuring Agreement Endorsements Additional Technology Liability Endorsement

The policy can be endorsed to provide coverage for the below listed exposures. The optional coverage may be purchased in consideration of an additional premium charge based on the final premium, as noted below.

A. Additional Technology Liability Coverage (Multiple Insuring Agreements Standard) Additional Premium

Technology and Internet Errors and Omissions Liability	0%
Electronic Media Activities	10%
Network Operations Security Liability	15%

B. Additional Technology Liability Coverage (Multiple Insuring Agreements Enhanced Additional Premium)

Technology and Internet Errors and Omissions Liability	15%
Electronic Media Activities	20%
Network Operations Security Liability	0%

F. Management Consulting Endorsement (to be used when not using Multiple Insuring Agreement Endorsement) for an additional of 5% premium

G. Management Consulting Endorsement (to be used when attaching the Multiple Insuring Agreement Endorsement) for an additional 7% premium

SERFF Tracking Number: PERR-125213126

State: Arkansas

Filing Company: ACE American Insurance Company

State Tracking Number: #101155 \$100

Company Tracking Number: 07-GL-186-R

TOI: 17.1 Other Liability - Claims Made Only

Sub-TOI: 17.1019 Professional Errors & Omissions
Liability

Product Name: 07-GL-186-R

Project Name/Number: 07-GL-186-R/07-GL-186-R

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document- Property & Casualty	Review Status:	Filed	11/18/2007
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Comments:

Attachments:

2007 NAIC PCTD - R.pdf

2007 NAIC RRFS.pdf

Bypassed -Name:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Review Status:	Filed	11/18/2007
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Bypass Reason: Not applicable to this filing.

Comments:

Bypassed -Name:	NAIC loss cost data entry document	Review Status:	Filed	11/18/2007
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Bypass Reason: Not applicable to this filing.

Comments:

Satisfied -Name:	Filing Memorandum, Actuarial Exhibits and Letter of Authority	Review Status:	Filed	11/18/2007
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Comments:

Attachments:

Filing Memo - RR.pdf

ROE (CW).pdf

LOA.pdf

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	07-GL-186-F
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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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On behalf of Ace American Insurance Company ("the Company"), we are introducing their new Computer & Technology Products and Services Professional Liability program. Please see the enclosed filing memorandum for details.

The Company respectfully requests that this filing be implemented for all policies on December 8, 2007 or the earliest possible date upon approval/acknowledgement.

22. 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]

Check #: 101155
Amount: \$100

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

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 #	07-GL-186-R
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	07-GL-186-F
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and Use
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4a.	Rate Change by Company (As Proposed)
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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)
ACE American Insurance Company	N/A	0.0%	0	27	\$64209	4.3%	-0.7%

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)

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

6.	Overall percentage of last rate revision	0%
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7.	Effective Date of last rate revision	06/01/2000
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and Use
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Computer & Technology Products and Services Professional Liability General Rules Page C&T – 1 through C & T - 11	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	Not available
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

ACE American Insurance Company

FILING REVISION – RATES AND RULES Computer and Technology Products & Services Professional Liability

Filing Memorandum

With this rates and rules filing revision, ACE American Insurance Company (the “Company”) is proposing to revise the “Computer and Technology Products & Services Professional Liability Program” filed under the Other Liability line of business (Errors & Omissions sub-line). There is no overall estimated premium level impact associated with any of the below changes. Also note that a corresponding form filing revision has been sent in conjunction with this filing under a separate cover.

Changes to the Rating/Rule Manual

1. On Page 2, Step 11. Limits of Liability, we propose to add a factor of 1.08 for 1,000,000 / 2,000,000 limits of liability and a factor of 2.00 for 4,000,000/4,000,000. These factors were calculated based on interpolation between the closest two points. No premium level impact is associated with adding these new factors.
2. On Page 5, Step 15. Premium Calculation Rules, the Rating Classes for computer and technology business grouping was expanded as for better clarification. A side by side is attached (see Appendix A) showing that no group has moved to a different class, classes were only renamed or new classes were added. No premium level impact is associated with the renaming of classes.
3. On Page 6, Step C. Schedule Rating, was expanded to include additional risk characteristics and adjusting the rate ranges on other characteristics. The additional/new characteristics are the Quality of written contracts, Years in business, Written procedures to ensure compliance with statute or regulatory authorities, Continuing Education required for all employees on annual basis, Formalized In-house training procedures for professionals employees, Internal audit procedures, Use of Restrictive Endorsements and Use of Expansive Endorsements. The ranges were revised on the following characteristics, Key Professionals are accredited or certified by recognized organizations or associations, System design work is documented and tested, Client sign-off required upon completion of project and Experience of Key Professionals. The Company does not anticipate these schedule rating additions or adjustments to have any premium level impact.
4. On Page 9 - 11, Step 17, Optional Coverages, we have added/revised the following optional coverages. The Company does not anticipate these additions or changes to have any premium level impact.
 - a. (New) An optional endorsement for Defense outside the limit of liability. We propose a charge of an additional 20% to the base premium. An example of how this new coverage is rated, if selected, is shown in the rating manual.
 - b. (Revised) Intellectual Property Infringement Endorsement. This is being revised to have a maximum sub-limit of liability of \$1,000,000 with different charges by limit and if an insured purchases the enhance version of the endorsement. The Company currently has no inforce for this optional endorsement so there is no premium level impact.

ACE American Insurance Company

**FILING REVISION – RATES AND RULES
Computer and Technology Products & Services Professional Liability**

Filing Memorandum

c. (New) An optional endorsement for IT Staffing Agency Professional Liability Endorsement. The policy can be endorsed to provide coverage for errors and omissions related to the Insured acting as a Staffing Agency. IT Staffing Agency Professional Liability Coverage may be purchased in consideration of an additional premium charge shown in the rating manual.

d. (New) An optional endorsement for Additional Technology Liability Endorsement, Standard and Enhanced. The optional coverage may be purchased in consideration of an additional premium charge based on the final premium shown in the rating manual.

e. (New) An optional endorsement for Management Consulting for an additional premium of 5% or 7% depending on whether the Multiple Insuring Agreement Endorsement is attached (see rating manual).

f. (In Form) The Computer Virus Endorsement, PF-8X28b (7/99), is now contained in the policy form. Approximately 85% of the insureds have this endorsement attached for a 5% additional surcharge. We will offset the base rates by the following factor to result in an overall neutral premium level impact.

Computer Virus Endorsement Offset Calculation

Percent of Insureds	Current Charge	Proposed Charge	Percent Change
85%	5.0%	0.0%	-4.76%
15%	0.0%	0.0%	0.00%
100%	4.3%	0.0%	-4.08%

Offset: $1.000 / (1.000 - 0.0408) = 1.0425$

g. (In Form) The Personal Injury Endorsement, PF-7Y63a (9/99), is now contained in the policy form. Approximately 85% of the insureds have this endorsement attached for a 10% additional premium charge. In Section E, page 11, of the attached rating manual, these same insureds will now have the “Electronic Media Activities” endorsement attached for a 10% additional premium charge. This charge will have an offsetting effect resulting in no premium level impact.

Target Rate of Return

Exhibits R1 through R4 provide rate of return support for the proposed rates. Exhibit R1 shows the total return on surplus which results from the selected profit & contingencies provision and the Company’s budgeted expense provisions. Exhibit R2.3 contains the derivation of expected investment income. Exhibit R3 shows the calculation of the premium to surplus ratio. Exhibit R4 lists historical industry return figures and contains the calculation of the target return on surplus.

ACE American Insurance Company

**Other Liability
Computer and Technology Products & Services
Professional Liability**

Rate of Return Exhibits

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Index of Exhibits

- Exhibit R1: Projected After-Tax Rate of Return
- Exhibit R2: Estimated Investment Earnings on Policyholder Supplied Funds
- Exhibit R3: Premium to Surplus Ratio
- Exhibit R4: Derivation of After-Tax Target Rate of Return of Statutory Surplus
- Exhibit R5: Projected Expense Ratios

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Projected After-Tax Rate of Return

Operating Return

(1) Earned Premium	100.0%
(2) Expected Loss & Loss Adjustment Expenses as (1) - (3) - (4) - (5) - (6)	66.0%
(3) Production Expenses (Exhibit R5)	22.0%
(4) General Expenses and Other Acq (Exhibit R5)	4.5%
(5) Taxes, Licenses & Fees (Exhibit R5)	2.5%
(6) Underwriting Profit Before Federal Income Tax	5.0%
(7) Federal Income Tax on Underwriting Profit = (6) x 35%	1.8%
(8) Underwriting Profit After Federal Income Tax = (6) - (7)	3.3%
(9) After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	4.0%
(10) After-Tax Return from Insurance Operations = (8) + (9)	7.3%

Total Rate of Return

(11) Premium to Surplus Ratio (Exhibit 3)	1.10:1
(12) After-Tax Investment Income on a Dollar of Surplus (Exhibit R2.3)	2.7%
(13) Total After-Tax Rate of Return on Statutory Surplus = (10)x(11)+(12)	10.7%

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Estimated Investment Earnings on Policyholder Supplied Funds
(\$000)

(A) Unearned Premium Reserve		
(1) Projected Earned Premium		1,389,234
(2) Mean Unearned Premium Reserve		582,776
(3) Percentage Pre-Paid Expense		26.8%
(a) Production Expenses (Exhibit R5)	22.0%	
(b) 50% General Expenses & Other Acq (Exhibit R5)	2.3%	
(c) Taxes, Licenses & Fees (Exhibit R5)	2.5%	
(4) Deduction for Federal Income Taxes Payable		7.0%
(5) Total Prepaid Expense = (A.2) x [(A.3) + (A.4)]		196,687
(6) Portion Subject to Investment Income = (A.2) - (A.5)		386,089
 (B) Delayed Remission of Premiums		
(1) Average Agents' Balance as % of Premium		23.8%
(2) Total Delayed Remission = (A.1) x (B.1)		331,041
 (C) Loss & LAE Reserve		
(1) Expected Loss & LAE Ratio (Exhibit R1)		66.0%
(2) Expected Loss & LAE = (A.1) x (C.1)		916,894
(3) Reserve to Incurred Ratio		225.0%
(4) Expected Loss & LAE Reserves = (C.2) x (C.3)		2,063,012
 (D) Policyholder Funds Subject to Investment Income = (A.6)-(B.2)+(C.4)		2,118,061
 (E) 2006 After Tax Rate of Return		2.7%
 (F) Investment Earnings on Policyholder Supplied Funds = (D) x (E)		56,137
 (G) After-Tax Investment Income on Policyholder Supplied Funds = (F)/(A.1)		4.0%

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Source Notes for Exhibit R2.1
(\$000)

<u>Line</u>		
(A.1)	Projected Earned Premium 2006 IEE, Part III, Line(s) 17, Column 3	1,389,234
(A.2)	(1) Calendar Year 2006 Other Liability UPR 2006 IEE, Part III, Line(s) 17, Column 19	666,644
	(2) Calendar Year 2005 Other Liability UPR 2005 IEE, Part III, Line(s) 17, Column 19	498,908
	(3) Mean Unearned Premium Reserve = [(1)+(2)]/2	582,776
	(4) Selected Mean Unearned Premium Reserve	582,776
(A.4)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax equals 7% (=20% x 35%).	
(B.1)	Selected Agents' Balances	23.8%
	Calendar Year 2006 Other Liability Agents' Balances	28.7%
	Calendar Year 2005 Other Liability Agents' Balances 2005, 2006 IEEs, Part III, Line(s) 17, Column 22	19.0%
(C.3)	(1) CY 2006 Countrywide Other Liability Unpaid Loss & LAE 2006 IEE, Part III, Line(s) 17, Columns 13, 15, 17	2,914,545
	(2) CY 2005 Countrywide Other Liability Unpaid Loss & LAE 2005 IEE, Part III, Line(s) 17, Columns 13, 15, 17	2,169,959
	(3) Average Unpaid Loss & LAE = [(1)+(2)]/2	2,542,252
	(4) CY 2006 Countrywide Other Liability Incurred Loss & LAE 2006 IEE, Part III, Line(s) 17, Columns 7, 9, 11	1,127,751
	(5) Reserve to Incurred Ratio = (3) / (4)	225.4%
	(6) Selected Reserve to Incurred Ratio	225.0%

Notes:

Figures are from Company 2005 and 2006 Insurance Expense Exhibits.

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Source Notes for Exhibit R2.1 (Continued)

Line E

Investment Category	2006 Investment Income Earned	Tax Rate	After-Tax Portion	2006 After-Tax Investment Income	
Taxable Bonds	181,519,674	35.00%	65.00%	117,987,788	
Non-Taxable Bonds	5,359,005	5.25%	94.75%	5,077,657	
Preferred Stocks	1,781,244	35.00%	65.00%	1,157,809	
Common Stocks	3,345,252	35.00%	65.00%	2,174,414	
Common Stocks in Affiliates	0	14.18%	85.83%	0	
Cash	12,357,140	35.00%	65.00%	8,032,141	
All Other Investments	(3,764,772)	35.00%	65.00%	(2,447,102)	
Total	200,597,543			131,982,707	
Total Investment Expense	(1,953,410)	35.00%	65.00%	(1,269,717)	
Net Investment Income Earned	202,550,953			133,252,423	
Invested Assets as of 12/31/2005 2006 Annual Statement, Page 2, Line 10, Column 4				4,655,764,881	
Invested Assets as of 12/31/2006 2006 Annual Statement, Page 2, Line 10, Column 3				5,033,975,646	
Average Invested Assets				4,844,870,264	
Calendar Year	Beginning Invested Assets	Ending Invested Assets	Average Invested Assets	Net Realized Capital Gains	Net Realized Capital Gains Ratio
2004	2,222,266,093	3,211,344,204	2,716,805,149	16,527,780	0.6%
2005	3,211,344,204	4,655,764,881	3,933,554,543	-11,017,462	-0.3%
2006	4,655,764,881	5,033,975,646	4,844,870,264	-30,253,092	-0.6%
Total	10,089,375,178	12,901,084,731	11,495,229,955	-24,742,774	-0.2%
Tax Rate on Realized Capital Gains					35.0%
After-Tax Realized Capital Gains					-0.1%
After-Tax Rate of Return					2.8%
Selected After-Tax Rate of Return					2.8%
After-Tax Total Rate of Return					2.7%

Notes:

Figures are from Company 2006 and 2005 Annual Statement.

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Premium to Surplus Ratio

	Calendar Year 2005	Calendar Year 2006
(1) Beginning Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 2	899,421,882	1,291,065,834
(2) Ending Surplus As Regards Policyholders Annual Statement, Page 3, Line 35, Column 1	1,291,065,834	1,688,066,936
(3) Average Surplus Level = [(1)+(2)]/2	1,095,243,858	1,489,566,385
(4) Net Written Premiums Annual Statement, Page 8, Line 34, Column 6	1,434,358,531	1,416,617,004
(5) Net Premium to Surplus Ratio = (4) / (3)	1.31	0.95
(6) Selected Premium to Surplus Ratio		1.10

Notes:

Premium and Surplus figures are from Company 2006 and 2005 Annual Statements.

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Derivation of After-Tax Target Rate of Return of Statutory Surplus

After Tax Rate of Return on Net Worth

Year	(1) Property/ Casualty	(2) Industry Total	(3) =[(1)+(2)]/2 Average
1995	8.8%	14.0%	11.4%
1996	9.0%	14.1%	11.6%
1997	11.4%	13.9%	12.7%
1998	9.2%	13.4%	11.3%
1999	6.5%	15.2%	10.9%
2000	6.6%	14.6%	10.6%
2001	0.3%	10.4%	5.4%
2002	1.7%	10.2%	6.0%
2003	8.2%	12.6%	10.4%
2004	8.1%	13.9%	11.0%
1995-2004	7.0%	13.2%	10.1%
Avg x-2001/2	8.5%	14.0%	11.2%

(4)	Selected After-Tax Return on GAAP Equity	11.2%
(5)	2006 Statutory Surplus	1,688,066,936
(6)	2006 Net Unearned Premium Reserve	404,081,107
(7)	GAAP Equity in Unearned Premium Reserve	34,750,975
(8)	2006 GAAP Equity = (5) + (7)	1,722,817,911
(9)	GAAP to Statutory Adjustment Factor = (8) / (5)	1.02
(10)	Target After-Tax Return on Stat. Surplus = (4) x (9)	11.4%

Notes:

(1), (2) from 2004 NAIC Profitability Analysis.

(4) excludes 2001 and 2002 because September 11th cause them to be an outliers.

(5) from Company 2006 Annual Statement, Page 3, Line 35, Column 1.

(6) from Company 2006 Annual Statement, Page 7, Line 34, Column 5.

(7) = (6) x Company Average Commissions and Other Acquisition Costs.

ACE American Insurance Company
Computer and Technology Products & Services Professional Liability

Projected Expense Ratios

Direct Basis	Countrywide						Total (2005 - 2006)			Selected
	2004		2005		2006		(\$000)	Avg %	W Avg %	
	(\$000)	%	(\$000)	%	(\$000)	%				
Premiums Written	1,196,129		1,383,723		1,555,145		2,938,868			
Premiums Earned	1,121,431		1,309,636		1,389,234		2,698,870			
Commission	78,746	6.6%	60,708	4.4%	71,168	4.6%	131,876	4.5%	4.5%	22.0%
Other Acquisition	27,059	2.4%	26,780	2.0%	28,506	2.1%	55,286	2.0%	2.0%	1.5%
General Expenses	56,115	5.0%	59,534	4.5%	47,125	3.4%	106,659	4.0%	4.0%	3.0%
Taxes, Licenses, & Fees	36,527	3.1%	39,280	2.8%	40,580	2.6%	79,860	2.7%	2.7%	2.5%
Total Expenses		17.1%		13.8%		12.6%		13.2%	13.2%	29.0%
Profit Load										5.0%
Total Expenses & Profit										34.0%
Permissible Loss & LAE Ratio										66.0%
ULAE	32,112	2.9%	84,428	6.4%	31,957	2.3%	116,385	4.4%	4.3%	4.0%
ALAE	137,677	12.3%	89,506	6.8%	278,806	20.1%	368,312	13.5%	13.6%	12.0%
Total LAE		15.1%		13.3%		22.4%		17.8%	18.0%	16.0%
Permissible Loss & ALAE Ratio										62.0%
Permissible Loss Ratio										50.0%

Notes:

Expense figures are from Company 2004, 2005 and 2006 Insurance Expense Exhibits, Line 17 - Other Liability.

Commissions and Taxes are shown as a percent of written premium. Also, the commission rate is based directly on what is paid to the MGU.

General Expenses and Other Acquisition Expenses are shown as a percent of earned premium.

Support for the selected profit provision is included in Exhibit 1.



**ace westchester
specialty group**

ACE Westchester Specialty Group
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barbara.robinson@ace-ina.com
www.ace-ina.com

Barbara A. Robinson
Vice President

September 12, 2007

Re: Company: ACE American Insurance Company
NAIC Number: 22667

To Whom It May Concern:

Perr&Knight, Inc. is hereby authorized to submit rate, rule, form filings on behalf of ACE American Insurance Company. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight, Inc. at the following address:

State Filings Department
Perr&Knight, Inc.
881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272
Phone: (310) 230-9339
Fax: (310) 230-1061

Please contact me if you have any questions regarding this authorization.

Regards,

A handwritten signature in cursive script that reads "Barbara A. Robinson".

Barbara A. Robinson