

SERFF Tracking Number: AGNY-125382792 State: Arkansas
Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: AIC-07-SC-14
TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
Product Name: Hearing Instrument Insurance Policy
Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Filing at a Glance

Company: Commerce and Industry Insurance Company

Product Name: Hearing Instrument Insurance Policy SERFF Tr Num: AGNY-125382792 State: Arkansas

Policy

TOI: 09.0 Inland Marine

SERFF Status: Closed

State Tr Num: EFT \$100

Sub-TOI: 09.0006 Other Personal Inland Marine

Co Tr Num: AIC-07-SC-14

State Status: Fees verified and received

Filing Type: Rate

Co Status:

Reviewer(s): Becky Harrington, Betty Montesi, Brittany Yielding

Authors: Jenny Cheung, Angela Caraballo, Sarah Jung

Disposition Date: 12/17/2007

Date Submitted: 12/14/2007

Disposition Status: Filed

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: Hearing Instrument Insurance Policy

Status of Filing in Domicile: Not Filed

Project Number: AIC-07-SC-14

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 12/20/2007

State Status Changed: 12/20/2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

American Home Assurance Company currently has on file with your Department its Hearing Instrument Insurance Policy Program. We wish to add Commerce and Industry Insurance Company (the "Company") to the filing.

Please refer to the attached actuarial materials for information about the rates included in the submission.

SERFF Tracking Number: AGNY-125382792 State: Arkansas
 Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: AIC-07-SC-14
 TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
 Product Name: Hearing Instrument Insurance Policy
 Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Please refer to the attached forms listing for the forms included in this submission.

We wish to make this filing effective the earliest date permitted by your Department.

Company and Contact

Filing Contact Information

Jenny Cheung, jenny.cheung@aig.com
 175 Water Street, 17th Floor (212) 458-7065 [Phone]
 New York, NY 10038

Filing Company Information

Commerce and Industry Insurance Company CoCode: 19410 State of Domicile: New York
 70 Pine Street Group Code: Company Type:
 New York, NY 10270 Group Name: State ID Number:
 (212) 770-7000 ext. [Phone] FEIN Number: 13-1938623

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Commerce and Industry Insurance Company	\$100.00	12/14/2007	17121279

SERFF Tracking Number: AGNY-125382792 State: Arkansas
Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: AIC-07-SC-14
TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
Product Name: Hearing Instrument Insurance Policy
Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	12/20/2007	12/20/2007

SERFF Tracking Number: AGNY-125382792 State: Arkansas
 Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: AIC-07-SC-14
 TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
 Product Name: Hearing Instrument Insurance Policy
 Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC loss cost data entry document		No
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp		No
Form	Platinum Endorsement		No
Form	AR Endorsement		No
Form	Declarations Page		No
Form	Policy		No
Rate	Rate Page	Filed	Yes
Rate	Actuarial Exhibits	Filed	Yes

SERFF Tracking Number: AGNY-125382792 State: Arkansas
 Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: AIC-07-SC-14
 TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
 Product Name: Hearing Instrument Insurance Policy
 Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
	Platinum Endorsement	91891	12/2006	Endorsement/Amendment/Conditions	New	0.00	12.12.07 Platinum Endrsmnt.pdf
	AR Endorsement	95226	07/2007	Endorsement/Amendment/Conditions	New	0.00	95226 (11-07) - Arkansas End.pdf
	Declarations Page	96749	12/2007	Declaration	New	0.00	12.12.07 ESCO Declarations Page.pdf
	Policy	91892	12/2006	Policy/Coverage Form	New	0.00	91892.Policy .pdf

ENDORSEMENT

This endorsement, effective 12:01 A.M. forms a part of
policy no. issued to
by

**HEARING INSTRUMENT INSURANCE POLICY
PLATINUM PROTECTION ENDORSMENT**

In consideration of the premium charged, it is hereby understood and agreed that the policy is hereby amended as follows:

Section G. **CAUSES OF LOSS NOT COVERED** is amended to delete the following:

G. CAUSES OF LOSS NOT COVERED

4. Normal wear and tear, gradual deterioration, inherent vice, latent defect, error or omission in the design, specification, or faulty material/construction/assembly, mechanical or electrical breakdown;
13. Repair/Replacement of the **hearing instrument(s)** while in the care, custody, or control of a third party including, but not limited to, the **hearing instrument(s)** while in transit;

All other terms, conditions and exclusions shall remain unchanged.

Authorized Representative

ENDORSEMENT

This endorsement, effective 12:01 A.M. forms a part of
policy no. issued to
by

HEARING INSTRUMENT INSURANCE POLICY

ARKANSAS AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the policy is hereby amended as follows:

1. Section **O. Appraisal** is amended to include the following sentence at the end of the Section:

This appraisal provision is non-binding and voluntary.

2. Section **R. Legal Action Against Us** is deleted and replaced with the following:

R. Legal Action Against Us

No action shall be brought against **us** under this policy unless there has been full compliance with the terms of the policy and the action is started within the time allowed by law.

3. Section **T. Cancellation and Nonrenewal** is deleted and replaced with the following:

T. Cancellation and Nonrenewal

1. **You** may cancel this policy by mailing or delivering to **us** advance written notice of cancellation.
2. **We** may cancel this policy only for the reasons stated below by letting **you** know in writing of the date cancellation takes effect. This cancellation notice shall be mailed to **your** last mailing address shown in the declarations. A certificate of mailing will be proof of mailing and will be sufficient proof of notice.
 - a) When **you** have not paid the premium, **we** may cancel by notifying **you** at least 10 days before the date cancellation takes effect.
 - b) When this policy has been in effect for less than 60 days and is not a renewal with **us**, **we** may cancel for any reason by letting **you** know at least 20 days before the date cancellation takes effect.
 - c) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with **us**, **we** may cancel:
 - i. Upon discovery of fraud or material misrepresentation made by or with the knowledge of the named insured in obtaining or continuing the policy, or in presenting a claim under this policy;
 - ii. Upon the occurrence of a material change in the risk which substantially increases any hazard insured against after insurance coverage has been issued; or

iii. In the event of a material violation of a material provision of this policy.

This can be done by letting **you** know at least 20 days before the date cancellation takes effect.

- d) When this policy is written for a period of more than one year, **we** may cancel for any reason at anniversary by letting **you** know at least 20 days before the date cancellation takes effect.

All other terms, conditions and exclusions shall remain unchanged.

Authorized Representative

**Hearing Instrument Insurance Policy
DECLARATIONS**

The company issuing this policy is indicated by an "X" in the box to the left of the company's name.

American Home Assurance Company
 Commerce and Industry Insurance Company
 Illinois National Insurance Co.
 (each of the above being a capital stock company)

**Executive Offices: 70 Pine Street, New York, NY 10270
 Telephone No. 212-770-7000**

POLICY NUMBER:

RENEWAL OF:

ITEM 1. NAMED INSURED:

MAILING ADDRESS:

ITEM 2. POLICY PERIOD: FROM: TO:
 (At 12:01 A.M., standard time, at the address of the Named Insured stated above.)

ITEM 3. LIMITS OF INSURANCE:

ITEM 4. DEDUCTIBLE:

ITEM 5. HEARING INSTRUMENT(S) COVERED:

Manufacturer	Model	Serial Number	Purchase Date

ITEM 6. PREMIUM:

ITEM 7. POLICY ADMINISTRATION FEE:

ITEM 8. PREMIUM PLUS POLICY ADMINISTRATION FEE:

ITEM 9. ENDORSEMENTS:

**PRODUCER NAME:
 ADDRESS:**

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer.

 Authorized Representative or
 Countersignature (Where Applicable)

 Date

Issue Date: _____



AMERICAN INTERNATIONAL COMPANIES®
Hearing Instrument Insurance Policy

Executive Offices
70 Pine Street
New York, NY 10270

VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE. READ THE ENTIRE POLICY CAREFULLY TO DETERMINE YOUR RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED. ENDORSEMENTS MAY ALSO APPLY. THEY ARE IDENTIFIED ON THE DECLARATIONS. REFER TO DEFINITIONS FOR WORDS THAT HAVE SPECIAL MEANING. THESE WORDS ARE SHOWN IN BOLD TYPE.

Table Of Contents

A. Agreement	2
B. Definitions	2
C. Who is Insured	2
D. Covered Property	2
E. Property Not Covered	2
F. Covered Causes of Loss	3
G. Causes of Loss Not Covered	3
H. Limits of Liability	4
I. Deductible	4
J. Other Insurance	5
K. Transfer of Your Rights and Duties under This Policy	5
L. Loss Settlement and Valuation	5
M. Duties in the Event of Loss	5
N. Abandonment	6
O. Appraisal	6
P. Loss Payment	7
Q. Insurance Not to Benefit Others	7
R. Legal Action Against Us	7
S. Conformity with Statute/Liberalization Clause ...	7
T. Cancellation and Nonrenewal	7

A. Agreement

In return for **your** payment of the required premium, **we** provide the coverage described herein subject to all the provisions, limitations, exclusions and conditions that apply.

B. Definitions

The items described below shall have the following meanings when used in this policy.

- Hearing Instrument** - A digital, analog, linear, programmable or non-programmable hearing device, hearing aid, or speech processing hearing instrument(s), and related Class I, II and III medical devices as specified in the schedule on the Declarations.
- Practitioner** - The party who has prescribed or dispensed the hearing instrument(s).
- You** and **Your** – The person identified as the named insured on the Declarations.
- We, Us** and **Our** – The company providing the coverage as indicated on the Declarations.

C. Who is Insured

The following are insured under this policy: The individual who is a wearer of hearing instrument(s) and is identified as the named insured as indicated on the Declarations.

D. Covered Property

Covered Property consists of: **Hearing instrument(s)** – **we** will cover the **hearing instrument(s)** specified by the serial number on the Declarations, together with their parts related to the functioning of the specified **hearing instrument(s)**, including remote controls and ear molds.

E. Property Not Covered

We do not cover:

- Hearing instrument(s)** being held as inventory for sale, lease, or rental by **you** to some third party. However, **we** do cover **hearing instrument(s)** that are leased or provided directly to **you** and any newly acquired **hearing instrument(s)** obtained by **you** during the policy period that are reported to **us** within thirty (30) days of acquisition / purchase.
- Hearing instrument(s)** insured under this policy to the extent that this coverage is provided under any valid and collectible express guaranty or warranty, or other service contract agreement.

F. Covered Causes of Loss

We cover all risks of direct physical loss or damage, however caused, to the **hearing instrument(s)** subject to the terms, conditions and exclusions of this policy. **We** do not cover loss or damage caused by or resulting from a cause of loss that is excluded or limited elsewhere in this policy. Covered losses are losses occurring during the policy term.

G. Causes of Loss Not Covered

We do not cover loss or damage directly or indirectly caused by, or resulting from, contributed to, or made worse by any of the following. These causes of loss or damage, whether or not dominant, are not insured even if a covered Cause of Loss contributes concurrently or in any sequence to the loss or damage:

- War, including undeclared war; civil war; insurrection; rebellion; warlike act by military force or military personnel; destruction, seizure, or use for a military purpose, including any consequence of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental;
- Nuclear hazard, meaning any weapon employing atomic fission, fusion, or other radioactive force or nuclear reaction, radiation, or radioactive contamination from any other cause except that direct loss by fire resulting from the nuclear hazard is covered;
- Illegal acts by **you**, meaning acts of contraband, illegal transportation, or trade;
- Normal wear and tear, gradual deterioration, inherent vice, latent defect, error or omission in the design, specification, or faulty material/ construction/assembly, mechanical or electrical breakdown;
- Malfunctions caused by changes to the ear, or changes in the ear canal that may result in, but not limited to remake or re-casing due to a poor or improper fit;
- Delay, loss of use, loss of market, interruption of business, or wages or any other indirect or consequential loss or damage;
- Deliberate, negligent or intentional acts committed by **you**, anyone else with an interest in the **hearing instrument(s)**, or any of **your** agents, employees, or other representatives, for the purpose of causing damage or loss to the **hearing instrument(s)**;

- Fraudulent, dishonest, or criminal acts committed alone or in collusion with others by **you** or **your** agents or representatives;
- Any medical charges, including but not limited to, those incurred in connection with the implanting or explanting of **hearing instrument(s)**;
- Personal or bodily injury or sickness due to the use of the **hearing instrument(s)**;
- Damages claimed for any loss, cost, or expense incurred by **you** or others due to withdrawal, recall, inspection, repair, replacement, adjustment, removal and/or disposal of the **hearing instrument(s)** by any person or organization because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it;
- Electromagnetic field regardless of source of origin;
- Repair/Replacement of the **hearing instrument(s)** while in the care, custody, or control of a third party including, but not limited to, the **hearing instrument(s)** while in transit;
- Any reduced performance or efficiency of the **hearing instrument(s)**;

H. Limits of Liability

We will not pay more than the cost to repair or replace the **hearing instrument(s)** with property that is similar in kind or quality. Only a single replacement per covered **hearing instrument(s)** will be made under this policy. This policy's premium is considered fully earned if the **hearing instrument(s)** is replaced. Neither **we** nor the **practitioner** will be liable beyond replacement of the **hearing instrument(s)** at the time of loss or total damage, and the claim shall be estimated according to such replacement value, and shall in no event exceed what it would then cost to repair or replace the **hearing instrument(s)** with material of like kind and quality. You are not entitled to a cash benefit under this policy.

I. Deductible

We will deduct the applicable deductible, if any, from the amount as shown on the Declarations from each adjusted claim.

J. Other Insurance

If at the time of loss or damage there is available any other insurance that is purchased with the express purpose of insuring the **hearing instrument(s)**, **we** will pay **our** share of the covered loss or damage. **Our** share is the proportion that the amount of insurance under this coverage bears to the amount of insurance of all insurance covering the **hearing instrument(s)**.

K. Transfer of Your Rights and Duties Under this Policy

Your rights and duties under this policy may not be transferred without our written consent.

L. Loss Settlement and Valuation

In the event of loss or damage to your **hearing instrument(s)**, the value of your **hearing instrument(s)** will be determined at the time of loss. But this value will not exceed the lesser of the following amounts: 1. The cost to repair the **hearing instrument(s)**; or 2. The cost to replace the **hearing instrument(s)** with a **hearing instrument(s)** similar in kind or quality. No betterment in kind or quality is permitted. **You** must report a loss within the time limit stated in Paragraph M (3), otherwise there is no coverage for the loss under this policy. In case of loss or damage to any set, **we** will repair or replace any part with new parts if this is an available option to restore the pair or set to its value before the loss.

M. Duties in the Event of Loss

In case of a loss to which this insurance may apply, **you** must see that the following duties are performed;

1. Protect the **hearing instrument(s)** from further loss and take all reasonable steps possible to minimize the loss. If expenses are incurred in doing so, keep a record of **your** expenses for consideration in the settlement of the claim.
2. Notify the police and make a report, when warranted, such as in cases of theft, attempted theft, vandalism, or malicious mischief.
3. Report the loss promptly to **us** or **our** authorized representative immediately, but no later than ninety (90) days from the date of loss.
4. File with **us** or **our** authorized representative a

detailed proof of interest and loss, signed and sworn to by **you** on forms **we** provide, within sixty (60) days from the date of **our** request, including the following:

- a) to the best of **your** knowledge and belief, the facts and amount of the loss and **your** interest in the **hearing instrument(s)**;
 - b) a signed Authorization of Repair on a form **we** approve, and;
 - c) a copy of the police report filed with the appropriate law enforcement officials (or if the report is not reasonably available, the report number) if the loss or damage was caused by or resulted from theft, attempted theft, vandalism, or malicious mischief.
5. Repairs or replacements must be made through an authorized facility. If repairs or replacements are made that **we** have not authorized, **we** will not pay for that loss or damage;
 6. Permit **us** to inspect the **hearing instrument(s)** and records proving loss, and if requested, permit **us** to question **you** under oath at such times as may be reasonably required about any matter relating to this insurance or **your** claim, including your books and records. In such event, **your** answers must be signed.
 7. Cooperate with **us** in the investigation and settlement of the claim.

N. Abandonment

There can be no abandonment of any **hearing instrument(s)** to **us**.

O. Appraisal

If **we** and **you** fail to agree on the amount of loss, either one can demand that the amount of loss be set by appraisal. If either makes a written demand for appraisal, each shall select a competent, independent appraiser and notify the other of the appraiser's identity within twenty (20) days of receipt of written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within fifteen (15) days, **you** or **we** can ask a judge of a court of record, in the state of your residence, to select an umpire. The appraisers shall then set the amount of loss. If the appraisers submit a written report of an agreement to **us**, the amount agreed

upon shall be the amount of loss. If the appraisers fail to agree within a reasonable time, they shall submit their difference to the umpire. Written agreement signed by any two of these three shall set the amount of loss. Each appraiser shall be paid by the party selecting the appraiser. Other expenses of the appraisal and the compensation of the umpire shall be paid equally by the parties selecting the appraisers.

P. Loss Payment

Unless a claim has been paid by others, **we** will pay any loss covered under this policy within thirty (30) days after **we** reach agreement with **you**, the entry of a final judgment, or the filing of an appraisal award with **us**.

Q. Insurance Not to Benefit Others

No person or organization having custody of the **hearing instrument(s)** and to be paid for services shall benefit from this insurance.

R. Legal Action Against Us

No action shall be brought against **us** under this policy unless there has been full compliance with the terms of the policy and the action is started within one year after the occurrence causing loss or damage.

S. Conformity with Statute/Liberalization Clause

Terms of this policy that are in conflict with the statutes of the state which this policy is written are hereby amended to conform to such statute.

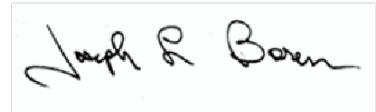
T. Cancellation and Nonrenewal

1. **You** may cancel this policy. If **you** decide to cancel this policy, **you** must mail or deliver advance written notice to **us** stating when the cancellation is to take effect. If **you** cancel, **we** will refund any unearned premium, less a fee for early cancellation of \$10.
2. If all premiums are not paid when due, **we** may cancel this policy for nonpayment of premium upon giving ten (10) days written notice. If **we** cancel for any other reason, **we** will mail or deliver to **you** written notice of cancellation, accompanied by the reason for cancellation at least sixty (60) days prior to the effective date of cancellation. If **we** decide to not renew this policy, **we** will mail

or deliver to **you** written notice of nonrenewal, accompanied by the reason for nonrenewal at least sixty (60) days prior to the anniversary of this policy. Any notice of nonrenewal will be mailed or delivered to **your** last mailing address known to **us**. If notice is mailed, proof of mailing will be sufficient proof of notice.

All inquiries and/or complaints please call 800-992-3726

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.



President



Secretary

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the policy.

Authorized Representative or Date
Countersignature (Where Applicable)

Issue Date:

SERFF Tracking Number: *AGNY-125382792* *State:* *Arkansas*
Filing Company: *Commerce and Industry Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *AIC-07-SC-14*
TOI: *09.0 Inland Marine* *Sub-TOI:* *09.0006 Other Personal Inland Marine*
Product Name: *Hearing Instrument Insurance Policy*
Project Name/Number: *Hearing Instrument Insurance Policy/AIC-07-SC-14*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: AGNY-125382792 State: Arkansas
 Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: AIC-07-SC-14
 TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
 Product Name: Hearing Instrument Insurance Policy
 Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Rate Page		New	ESCO Rate Page 121007 sent to G Masion_CI1.pdf
Filed	Actuarial Exhibits		New	Commerce and Industry-Hearing Instrument Insurance Policy Program- Actuarial Exs-05-31- 2007.pdf

COMMERCE AND INDUSTRY INSURANCE COMPANY

Name of Program: Hearing Instrument Insurance Policy Program

A. Protection Plus:			
Products Covered	Term (in Months)	Hearing Instrument Retail Value	Rate
Tier 1	12	\$400.00	\$ 50.00
Tier 2	12	\$600.00	\$ 115.00
Tier 3	12	\$975.00	\$ 145.00
Tier 4	12	\$1,350.00	\$ 175.00
Tier 5	12	\$1,500.00	\$ 195.00
Tier 6	12	\$1,725.00	\$ 225.00
Tier 7	12	\$1,915.00	\$ 250.00
Tier 8	12	\$2,000.00	\$ 260.00
Tier 9	12	\$2,125.00	\$ 275.00
Tier 10	12	\$2,400.00	\$ 310.00
Tier 11	12	over \$2400	\$ 335.00

B. Platinum:			
Products Covered	Term (in Months)	Hearing Instrument Retail Value	Rate
Tier 1	12	\$400.00	\$ 125.00
Tier 2	12	\$600.00	\$ 190.00
Tier 3	12	\$975.00	\$ 220.00
Tier 4	12	\$1,350.00	\$ 250.00
Tier 5	12	\$1,500.00	\$ 270.00
Tier 6	12	\$1,725.00	\$ 300.00
Tier 7	12	\$1,915.00	\$ 325.00
Tier 8	12	\$2,000.00	\$ 335.00
Tier 9	12	\$2,125.00	\$ 350.00
Tier 10	12	\$2,400.00	\$ 385.00
Tier 11	12	over \$2400	\$ 410.00

Commerce and Industry Insurance Company
Hearing Instrument Insurance Policy Program

Explanatory Memorandum

The expense and investment income exhibits have been provided for informational purposes only.

Exhibit 1: EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO

Expense provisions are based on the expenses found for Inland Marine in the American Home/National Union/New Hampshire Group Insurance Expense Exhibit. The commission expense is program specific. The expected loss & lae ratio is the complement of the total expenses and profit load. The profit & contingency factor has been calculated based on a target rate of return on equity of 15%.

Exhibit 2: INVESTMENT INCOME EXHIBITS

The investment income exhibits are based on American Home/ National Union/ New Hampshire Group's Annual Statement experience and incorporate the Inland Marine premium and program expense provisions to determine an indicated investment income offset. The calendar year method was used to determine investment income.

COMMERCE AND INDUSTRY INSURANCE COMPANY
HEARING INSTRUMENT INSURANCE POLICY PROGRAM

Exhibit 1

Derivation of Expected Loss Ratio

(1) Target rate of return on equity		15.0%
(2) Premium to Surplus Ratio		109.9%
(3) Target rate of return on premium [(1)/(2)]		13.6%
(4) Rate of return on premium		5.2%
(5) Target underwriting profit (loss) [(3)-(4)/.65]		12.9%
(6) Selected Target underwriting profit (loss)		5.0%
(7) Total Expenses		51.3%
	a. Commissions	41.00%
	b. Other Acquisition	5.60%
	c. General Expenses	1.79%
	d. Taxes, Licenses & Fees	2.95%
<hr/>		
(8) Expected Loss Ratio [1-(6)-(7)]		43.7%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes)

INLAND MARINE

A. UNEARNED PREMIUM RESERVE

1.	Inland Marine Direct Earned Premium for Calendar Year 2006			\$963,212
2.	Mean Unearned Premium Reserve [0.252* (1)] (See Notes p. 2)			242,863
3.	Deduction for Prepaid Expenses (See notes p. 2)			
	a) Commission and Brokerage	41.00%		
	b) Taxes, Licenses and Fees	2.95%		
	c) 50% of Other Acquisition Expenses	2.80%		
	d) 50% of General Expenses	0.89%		
	e) Total	47.64%		
4.	Deduction for Federal Taxes Payable (See Notes p. 2)			7.0%
5.	Net Amount Subject to Investment Income [(2) x (1.000 - (3) - (4))]			110,161

B. DELAYED REMISSION OF PREMIUMS (Agents' Balances)

1.	Direct Earned Premium [(A.1)]			963,212
2.	Average Agents' Balance (See Notes pp. 2-3)			0.159
3.	Delayed Remission [(1) x (2)]			153,345

C. LOSS RESERVE:

1.	Direct Earned Premium [(A.1)]			963,212
2.	Expected Incurred Loss and L.A.E. Reserves	@ ELR:	0.437	420,588
3.	Expected Mean Loss Reserves [1.283 x (2)] (See Notes p. 3)			539,494

D. SURPLUS

1.	Direct Written Premium			960,165
2.	Surplus Subject to Investment [(D.1)/prem to surp]			873,672

E. NET AMOUNT SUBJECT TO INVESTMENT: [(A.5) - (B.3) + (C.3) + (D.2)] 1,369,982F. AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes p. 4) 4.56%G. INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [(E) x (F)] 62,489H. AVERAGE RATE OF RETURN (As % of Direct Earned Premium) [(G) / (A.1)] 6.49%I. AVERAGE RATE OF RETURN (After Federal Income Taxes) [(H) x 0.871] 5.65%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

INLAND MARINE

Line A.1

INLAND MARINE direct earned premium for calendar year 2006 as provided by American Home/National Union/ New Hampshire Group.

Line A.2

The mean direct unearned premium reserve is determined by multiplying the Inland Marine direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 2006. See below for calculation of this ratio. This ratio is based on data for Inland Marine from page 15 of the Annual Statement for American Home/National Union/ New Hampshire Group

	(In 000's)
1. Direct Earned Premium for Calendar Year 2006	\$ 963,212
2. Direct Unearned Premium Reserve as of 12/31/05	244,387
3. Direct Unearned Premium Reserve as of 12/31/06	241,340
4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)]	242,863
5. Ratio [(4) / (1)]	0.252

Line A.3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):	20.0%
Corporate Tax Rate:	35.0%
Total Percentage of Unearned Premium Reserve:	7.0%

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

INLAND MARINE

Line B.2 (continued)

Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows:

	<u>(In 000's)</u>
1. Net Earned Premium for Calendar Year 2006	\$ 21,215,096
2. Net Agents' Balances as of 12/31/05	2,422,685
3. Net Agents' Balances as of 12/31/06	2,845,895
4. Mean Agents' Balances $1/2 \times [(2) + (3)]$	2,634,290
5. Ratio $[(4) / (1)]$	0.124

The above percentage must be multiplied by a factor of 1.282 to include the effect of agents' balances or uncollected premiums overdue for more than 90 days. The factor 1.282 is based on 2006 company data.

Final adjusted Agents' Balance:

0.1592

Line C.2

The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 2004 and 2005 for Inland Marine Insurance. This ratio is based on Annual Statement Data.

	<u>(In 000's)</u>
1. Incurred Losses and L.A.E. for Calendar Year 2005	1,919,465
2. Incurred Losses and L.A.E. for Calendar Year 2006	514,381
3. Loss Reserves and L.A.E. as of 12/31/04	447,036
4. Loss Reserves and L.A.E. as of 12/31/05	1,332,131
5. Loss Reserves and L.A.E. as of 12/31/06	859,416
6. Mean Loss Reserve 2005: $1/2 [(3) + (4)]$	889,584
7. Mean Loss Reserve 2006: $1/2 [(4) + (5)]$	1,095,774
8. Ratio (6) / (1)	0.463
9. Ratio (7) / (2)	2.130
10. Average Ratio $1/2 [(8) + (9)]$	1.297
11. Loss reserve for American Home/National Union/ New Hampshire Group, selected	1.300
12. Estimated Reserve Discount	3.8%
13. Federal Taxes Payable (% of Reserves): (12) x .35	0.013
14. (11) x $[1.0 - (13)]$	1.283

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

INLAND MARINE

Line E

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

<u>Year</u>	Net Investment Income Earned (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
2005	1,958,547	48,226,323	4.06%
2006	2,207,870	57,914,122	3.81%
Total	4,166,417	106,140,446	3.94%

<u>Year</u>	Realized Capital Gains (or Losses) (In 000's)	Mean Cash and Invested Assets (In 000's)	Rate of Return
1997-2006	2,179,232	348,904,381	0.62%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses)

4.56%

Line H

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 2006 for the American Home/National Union/ New Hampshire Group.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	3.94%	0.094
Net Realized Capital Gains (or Losses)	0.62%	0.350
Total	4.56%	0.129

1.000 - Federal Income Tax Rate

0.871

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES
(Explanatory Notes)

INLAND MARINE

<u>Line H (continued)</u>	<u>Investment Income Earned</u>	<u>Federal Income Tax Rate</u>
<u>Bonds</u>		
Taxable	\$ 208,168	0.350
<u>Non-Taxable</u>	<u>1,338,765</u>	<u>0.026</u>
Total	\$ 1,546,933	(A) 0.070
<u>Stocks</u>		
Taxable	\$ 168,925	0.123
<u>Non-Taxable</u>	<u>266,967</u>	---
Total	\$ 435,892	(B) 0.048
<u>Mortgage Loans and Real Estate</u>		
Mortgage Loans	\$ 0	
Real Estate	0	
Collateral Loans	0	
Cash on Deposit	0	
Short Term Investments	21,719	
<u>All Other</u>	<u>503,234</u>	
Sub-Total	\$ 524,953	0.350
Total	\$ 2,507,777	0.125
Investment Deductions	\$ 299,907	0.350
Net Investment Income Earned	\$ 2,207,870	0.094

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. $((.50 \times .15 \times .35) = .026)$

(B) 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12%. $((.30 \times .35) + (.50 \times .70 \times .15 \times .35) = .123)$.

SERFF Tracking Number: AGNY-125382792 State: Arkansas
Filing Company: Commerce and Industry Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: AIC-07-SC-14
TOI: 09.0 Inland Marine Sub-TOI: 09.0006 Other Personal Inland Marine
Product Name: Hearing Instrument Insurance Policy
Project Name/Number: Hearing Instrument Insurance Policy/AIC-07-SC-14

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 12/20/2007

Comments:

Attachments:

12.12.07 AR PCTD-1 RATES.pdf

12.14.07 AR Rates Schedule.pdf

Bypassed -Name: NAIC loss cost data entry document **Review Status:** 12/10/2007
Bypass Reason: Not Applicable.

Comments:

Bypassed -Name: NAIC Loss Cost Filing Document **Review Status:** 12/10/2007
for OTHER than Workers' Comp
Bypass Reason: Not Applicable.

Comments:

Property & Casualty Transmittal Document (Revised 1/1/06)

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: f. State Filing #: g. SERFF Filing #:
---	---

3. Group Name	Group NAIC #
American International Group, Inc.	012

4. Company Name(s)	Domicile	NAIC #	FEIN #
Commerce and Industry Insurance Company	NY	19410	13-1938623

5. Company Tracking Number	AIC-07-SC-14
-----------------------------------	---------------------

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

6.	Name and Address	Title	Telephone #s	Fax #	E-mail
	Sarah Jung 175 Water Street, 17 th Floor New York, NY, 10038	Filings Analyst	212-458-7064	212-458-7077	sarah.jung@aig.com
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Sarah Jung		

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

9.	Type of Insurance (TOI)	Inland Marine
10.	Sub-Type of Insurance (Sub-TOI)	9.0006/Other Personal Inland Marine
11.	State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Hearing Instrument Insurance Policy Program
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: Upon Approval Renewal: Upon Approval
15.	Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	December 14, 2007
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document

20.	This filing transmittal is part of Company Tracking #	AIC-07-SC-14
------------	--	--------------

21.	Filing Description [This area should be similar to the body of a cover letter and is free-form text]
------------	---

American Home Assurance Company currently has on file with your Department its Hearing Instrument Insurance Policy Program. We wish to add Commerce and Industry Insurance Company (the "Company") to the filing.

Please refer to the attached actuarial materials for information about the rates included in the submission.

Please refer to the attached forms listing for the forms included in this submission.

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 #:

Amount:

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

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

Effective January 1, 2006

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 #	AIC-07-SC-14
-----------	--	--------------

2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
-----------	---	-----

Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
-----------	--	----------------

4a.	Rate Change by Company (As Proposed)					
------------	---	--	--	--	--	--

Company Name	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)
Commerce and Industry Insurance Company		N/A -New Program				

4b.	Rate Change by Company (As Accepted) For State Use Only					
------------	--	--	--	--	--	--

Company Name	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change
Commerce and Industry Insurance Company		N/A -New Program				

Overall Rate Information (Complete for Multiple Company Filings only)			
--	--	--	--

		COMPANY USE	STATE USE
5a.	Overall percentage rate impact for this filing	N/A -New Program	N/A -New Program
5b.	Effect of Rate Filing – Written premium change for this program		
5c.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	N/A -New Program
-----------	---	------------------

7.	Effective Date of last rate revision	N/A -New Program
-----------	---	------------------

8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	N/A -New Program
-----------	---	------------------

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Rate Page	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Actuarial Exhibits	<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	
04		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
05		<input type="checkbox"/> New	

		<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
--	--	--	--

These pages are informational only and do not need to be submitted with your filings!

Notes for Rate/Rule Filing Transmittal

DESCRIPTION OF ITEMS IN THE RATE FILING SCHEDULE

RATE/RULE FILING SCHEDULE

1. This filing transmittal is part of Company Tracking #: This ties all of the pages of the transmittal to the same filing. It is helpful for the state.

2. This filing corresponds to form filing number: Many states require that rates and forms be submitted separately due to different review procedures that are required by law. For those states, this will tie the form filing with the associated rate filing, if there is one. Use check boxes to indicate if this is a rate increase, a rate decrease or rate neutral.

3. Filing Method (Prior Approval, File & Use, Flex Band, etc): This is the review method for which the filing is being submitted. See State Specific Requirements.

4. Rate Change by Company:

- Complete all fields for each company included in the filing. **Overall % Rate Impact** - This is the statewide average percentage change to the accepted rates for the coverages included for each company.
- **Written premium change for this program** - This is the statewide change in written premium based on the proposed overall percentage rate impact for each company.
- **# of policyholders affected for this program** - This is the number of policyholders affected by the overall percentage rate impact for each company.
- **Written premium for this program** - This is the statewide written premium for each company.
- **Maximum % Change & Minimum % Change** – This information should be completed if required by the state to which the filing is being submitted.
 - o If all the policyholders get increases, then the maximum change is the largest increase and the minimum change is the smallest increase.
 - o If all the policyholders get decreases, then the maximum change is the smallest decrease and the minimum change is the largest decrease.
 - o If some of the policyholders get increases and others get decreases, then the maximum change is the largest increase and the minimum change is the largest decrease.

5a. Overall percentage rate impact for this filing: This is the statewide average percentage change to the accepted rates for the coverages included in the filing. This field only needs to be completed for group filings.

5b. Effect of Rate Filing—Written Premium Change for this program: This is the statewide change in written premium based on the proposed overall percentage rate impact. This field only needs to be completed for group filings.

5c. Effect of Rate Filing—Number of policyholders affected: This is the number of policyholders affected by the overall percentage rate impact. This field only needs to be completed for group filings.

6. Overall percentage of last rate revision: This is the statewide average of the last percentage change implemented in the state.

7. Effective Date of last rate revision: This is the implementation date of the last overall percentage rate impact.

8. Filing Method of Last Filing (Prior Approval, File & Use, Flex Band, etc): This is the review method for which the last filing was submitted. See State Specific Requirements.

9. Rule # or Page # Submitted for Review: This is the list of changes to the rate/rule manual.

To be complete a filing must include the following:

- A completed Property & Casualty Transmittal Document (PC TD-1).
- A completed Form Filing Schedule Document (PC FFS-1), when applicable. **Do not refer to the body of the filing for the forms listing, unless allowed by state.**
- A completed Rate/Rule Filing Transmittal document (PC RRFS-1), when applicable. **Do not refer to the body of the filing for the forms listing, unless allowed by state.**
- The appropriate state specific requirements.
- The appropriate filing fees, when required.
- A postage-paid, self-addressed envelope large enough to accommodate the return of acknowledgement, as required by state.
- You should refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)