

Filing at a Glance

Companies: American Zurich Insurance Company, American Guarantee and Liability Insurance Company, Colonial American Casualty & Surety Company, Fidelity and Deposit Company of Maryland, Zurich American Insurance Company of Illinois, Zurich American Insurance Company, Empire Fire and Marine Insurance Company

Product Name: Large Deductible Endorsements SERFF Tr Num: ZURC-125240279 State: Arkansas

TOI: 17.0 Other Liability - Claims SERFF Status: Closed State Tr Num: AR-PC-07-025530
Made/Occurrence

Sub-TOI: 17.0022 Other

Co Tr Num: CW OL 26317

State Status:

Filing Type: Form

Co Status: Not Applicable

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

Author: Karen Falbo

Disposition Date: 07-24-2007

Date Submitted: 07-23-2007

Disposition Status: Approved

Effective Date Requested (New): 09-01-2007

Effective Date (New):

Effective Date Requested (Renewal):

Effective Date (Renewal):

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number: CW OL 26317

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07-24-2007

State Status Changed: 07-24-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

This filing introduces two new endorsements to be used with mutually agreed-upon individual risk ratings.

The "Large Deductible Combined Aggregate Deductible" form (U-GL-1336) provides a facility for the underwriter to consider application of an aggregate deductible amount provision, for a price, that is not available with use of the ISO deductible form.

The "Large Deductible" form U-GL-1326, is an optional use endorsement that can be used as an alternate endorsement to the existing ISO deductible liability form CG 03 00. The U-GL-1326 will be used in those situations and on those risks where the CG 03 00 is not sufficient. This includes risk situations where the underwriter wants to provide deductible liability coverage excess of more coverages than just BI and PD. Also where a risk is priced for application of defense costs (ALAE) either wholly or partially to apply against the satisfaction of applicable deductible amounts, where an Aggregate Deductible amount is desired and where a deductible is desired that applies against and depletes the policy limits of insurance. All of these additional features are available for use on our form U-GL-1326, but are not available with the ISO from CG 03 00.

Company and Contact

Filing Contact Information

Karen Falbo, Product Analyst karen.falbo@zurichna.com
1400 American Lane (847) 605-7545 [Phone]
Schaumburg, IL 60196 (847) 605-7768[FAX]

Filing Company Information

American Zurich Insurance Company CoCode: 40142 State of Domicile: Illinois
1400 American Lane Group Code: 212 Company Type:
Schaumburg, IL 60196 Group Name: State ID Number:
(847) 605-6000 ext. [Phone] FEIN Number: 36-3141762

American Guarantee and Liability Insurance CoCode: 26247 State of Domicile: New York
Company Group Code: 212 Company Type:
1400 American Lane Group Name: State ID Number:
Schaumburg, IL 60196 FEIN Number: 36-6071400
(847) 605-6000 ext. [Phone] -----

Colonial American Casualty & Surety Company CoCode: 34347 State of Domicile: Maryland
1400 American Lane Group Code: 212 Company Type:
Schaumburg, IL 60196 Group Name: State ID Number:
(847) 605-6000 ext. [Phone] FEIN Number: 52-1096670

Fidelity and Deposit Company of Maryland CoCode: 39306 State of Domicile: Maryland
1400 American Lane Group Code: 212 Company Type:
Schaumburg, IL 60196 Group Name: State ID Number:
(847) 605-6000 ext. [Phone] FEIN Number: 13-3046577

Zurich American Insurance Company of Illinois CoCode: 27855 State of Domicile: Illinois
1400 American Lane Group Code: 212 Company Type:
Schaumburg, IL 60196 Group Name: State ID Number:
(847) 605-6000 ext. [Phone] FEIN Number: 36-2781080

Zurich American Insurance Company CoCode: 16535 State of Domicile: New York
1400 American Lane Group Code: 212 Company Type:
Schaumburg, IL 60102 Group Name: State ID Number:
(847) 605-6000 ext. [Phone] FEIN Number: 36-4233459

Empire Fire and Marine Insurance Company CoCode: 21326 State of Domicile: Nebraska
13810 FNB Parkway Group Code: 212 Company Type:
Omaha, NE 68154-5202 Group Name: State ID Number:
(402) 963-5000 ext. [Phone] FEIN Number: 47-6022701

Created by SERFF on 07-24-2007 02:54 PM

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation:
Per Company: No

| CHECK NUMBER | CHECK AMOUNT | CHECK DATE |
|--------------|--------------|------------|
| 3400281635 | \$50.00 | 07-19-2007 |

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|---------------|-------------------|-------------------|-----------------------|
| Approved | Edith Roberts | 07-24-2007 | 07-24-2007 |

Disposition

Disposition Date: 07-24-2007

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

| Item Type | Item Name | Item Status | Public Access |
|----------------------------|--|--------------------|----------------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Approved | Yes |
| Supporting Document | Filing Fee | Approved | Yes |
| Supporting Document | Explanatory | Approved | Yes |
| Form | Large Deductible | Approved | Yes |
| Form | Large Deductible - Combined Aggregate Deductible | Approved | Yes |

Form Schedule

| Review Status | Form Name | Form # | Edition Date | Form Type Action | Action Specific Data | Readability | Attachment |
|---------------|---|-------------------|--------------|--|----------------------|-------------|-------------------------|
| Approved | Large Deductible | U-GL-1326-A CW | 06 07 | Endorseme New nt/Amendm ent/Condi ons | | 0.00 | UGL1326AC W 0607.pdf |
| Approved | Large Deductible - Combined Aggregate Deductible | U-GL-1336-A CW | 06 07 | Endorseme New nt/Amendm ent/Condi ons | | 0.00 | UGL1336AC W 0607.pdf |



ZURICH

Large Deductible

| | | |
|------------|-------------------|-------------------|
| Policy No. | Eff. Date of Pol. | Eff. Date of End. |
| | | |

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

- Commercial General Liability Coverage Part**
- Employee Benefits Liability Coverage Part**
- Liquor Liability Coverage Part**
- Stop Gap Employers Liability Coverage Part**

DEDUCTIBLE SCHEDULE

| Coverage | | Deductible Amount | Basis |
|-------------------------------------|--|-------------------|---|
| Coverage A. | "Bodily Injury" and "Property Damage" Liability All persons or organizations | \$ | Each "Occurrence" |
| | "Bodily Injury" Liability Only All persons or organizations | \$ | Each "Occurrence" |
| | "Property Damage" Liability Only All persons or organizations | \$ | Each "Occurrence" |
| Coverage A. | "Bodily Injury" and "Property Damage" Liability | \$ | Each Claim |
| | "Bodily Injury" Liability Only | \$ | Each Claim |
| | "Property Damage" Liability Only | \$ | Each Claim |
| Coverage B. | "Personal and Advertising Injury" Liability By offense – Any one person or organization | \$ | Each Claim |
| Coverage C. | Medical Payments | \$ | Any One Person |
| Additional Coverage | Employee Benefits Liability | \$ | Each Act, Error or Omission |
| Additional Coverage | Liquor Liability | \$ | Each Common Cause |
| Additional Coverage | Stop Gap Employers Liability | \$ | Each Accident |
| Additional Coverage | Stop Gap Employers Liability - disease | \$ | Each "Employee" |
| Aggregate Deductible Amount | | \$ | <input type="checkbox"/> Adjustable at a rate of _____ per _____ of _____. <input type="checkbox"/> Flat |
| Initial Exposure | | \$ | _____ |
| Minimum Aggregate Deductible Amount | | \$ | _____ |

ALLOCATED LOSS ADJUSTMENT EXPENSE SELECTION SCHEDULE

| Select One | |
|-----------------------------------|--|
| Option 1 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for all "allocated loss adjustment expense", even if there is no payment for other than "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will contribute toward your Deductible Amount and your Aggregate Deductible Amount as shown in the Deductible Schedule . |
| Option 2 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for "allocated loss adjustment expense" as follows: |
| | <p>(a) If the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount is equal to or less than the Deductible Amount(s) or if there is no amount payable other than "allocated loss adjustment expense", then you will reimburse us for all "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount or your Aggregate Deductible Amount as shown in the Deductible Schedule; or</p> <p>(b) If the total amount payable for other than "allocated loss adjustment expense" exceeds the Deductible Amount, you will reimburse us a pro-rata share of total "allocated loss adjustment expense" based on the ratio of the Deductible Amount divided by the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount. "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount or your Aggregate Deductible Amount as shown in the Deductible Schedule.</p> |
| Option 3 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for all "allocated loss adjustment expense", even if there is no payment for other than "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount or your Aggregate Deductible Amount as shown in the Deductible Schedule . |

If no option is selected, Option 3 will apply.

A. How the Deductible Amount Applies

You will reimburse us for the Deductible Amount(s) shown in the **Deductible Schedule** and for "allocated loss adjustment expenses" incurred based on the **Allocated Loss Adjustment Expense Selection Schedule**. The Deductible Amount(s) applies as follows:

1. If an Each Occurrence Deductible is shown, the Deductible Amount applies to all sums payable because of any one "Occurrence", regardless of the number of persons or organizations who sustain damages because of that "Occurrence".
2. If an Each Claim Deductible is shown, the Deductible Amount applies to all sums payable for each claim, sustained by any one person or organization.
 - a. For Other than Coverage B, to all sums payable for each claim, sustained by any one person or organization, and
 - b. For Coverage B, to all damages sustained by any one person or organization as the result of an offense.
3. Medical Payments - If an Any One Person limit is shown, the Deductible Amount applies to all sums payable to any one person as a result of an accident sustained by that person.
4. Employee Benefits Liability - If an Each Act, Error or Omission Deductible is shown, the Deductible Amount applies to all sums payable for all damages sustained by any one "Employee", including the "Employee's"

dependents and beneficiaries, because of acts, errors or omissions committed in the administration of employee benefit programs.

5. Liquor Liability - If a Common Cause Deductible is shown, the Deductible Amount applies to all sums payable for all injury sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person.
6. Stop Gap Employers Liability - If an Each Accident Deductible is shown, the Deductible Amount applies to all sums payable as the result of an accident, regardless of the number of people who sustain damages because of that accident.
7. Stop Gap Employers Liability - disease - If an Each Employee Deductible is shown, the Deductible Amount applies to all sums payable because of any one disease, and applies separately to each affected "Employee".

B. Large Deductible Provisions

1. If more than one Deductible Amount applies to sums payable arising from the same "incident" because more than one Coverage applies, you will be responsible for each and every applicable Deductible Amount.
2. Deductible Amount(s) apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.
3. Your obligation to pay the Deductible Amount(s) shown on this policy is not fulfilled by:
 - a. The payment of a Deductible Amount under any other policy; or
 - b. Any payment made by us or another insurance company;even if 3.a. or 3.b. above applies to the same "incident" as the Deductible Amount due under this policy.
4. If more than one policy issued by us applies to sums payable because of a single continuous "incident", the Deductible Amount(s) applies separately to each policy that we issue to which this endorsement or a similar Large Deductible Endorsement applies. Deductible Amounts also apply separately to each annual period and any remaining period of less than 12 months as described in **B.2.** above.
5. If a Coverage Part or Additional Coverage of this policy specifically applies a separate deductible(s):
 - a. the separate additional deductible amount applies to any loss separately and before the Deductible Amount(s) shown on the Schedule of this endorsement; and
 - b. the Deductible Amount(s) shown on the Schedule of this endorsement applies only if the loss exceeds the separate additional deductible amount described in 5.a. above, subject to the other terms and conditions of this endorsement.

C. Aggregate Deductible Amount

1. The Aggregate Deductible Amount shown in the **Deductible Schedule** is the most you must reimburse us for the sum of:
 - a. all applicable Deductible Amount(s) as shown in the **Deductible Schedule**; and
 - b. all applicable "allocated loss adjustment expense" in accordance with the **Allocated Loss Adjustment Expense Selection Schedule**, above.

This single Aggregate Deductible Amount applies to the entire policy period and to any remaining extension period.

2. If an Aggregate Deductible Amount is shown in the **Deductible Schedule** and is designated as adjustable, the final Aggregate Deductible Amount will be determined at the end of the policy period by an audit of your records, and will be based upon the Rate shown in the **Deductible Schedule** multiplied by the final audited Exposure. The amount shown in the **Deductible Schedule** as the Aggregate Deductible Amount is an estimated amount, and is based on an estimate of what the audit of your records will develop.

In no event will the final audited Aggregate Deductible Amount be less than the Aggregate Deductible Amount shown in the **Deductible Schedule**, unless a Minimum Aggregate Deductible Amount is shown in the **Deductible Schedule**. If a Minimum Aggregate Deductible Amount is shown, the final audited Aggregate Deductible Amount will not be less than the Minimum Aggregate Deductible Amount.

3. If an Aggregate Deductible Amount is shown in the **Deductible Schedule** and is designated as Flat, the Aggregate Deductible Amount will not be adjusted. In no event will the Flat Aggregate Deductible Amount be less than or more than the Aggregate Deductible Amount shown in the **Deductible Schedule**.
4. If no Aggregate Deductible Amount is stated in the **Deductible Schedule**, then your obligation to reimburse us for the sum of all applicable Deductible Amount(s) as shown in the **Deductible Schedule** and all applicable "allocated loss adjustment expense" in accordance with the **Allocated Loss Adjustment Expense Selection Schedule** above, is unlimited.

D. Allocated Loss Adjustment Expense Reimbursement

In accordance with the **Allocated Loss Adjustment Expense Selection Schedule**:

1. If Option 1 is selected, "allocated loss adjustment expense" reimbursements made by you contribute to your Deductible Amount and Aggregate Deductible Amount.
2. If Option 2 or Option 3 is selected, then you will reimburse us for all or pro-rata "allocated loss adjustment expense", as may apply, in accordance with the **Allocated Loss Adjustment Expense Selection Schedule** above, even if the Deductible Amount or the Aggregate Deductible Amount, if applicable, is exceeded.

E. Application of the Deductible Amount to Payable Amounts

1. You will reimburse us for "allocated loss adjustment expense" according to the option selected in the **Allocated Loss Adjustment Expense Selection Schedule**.
2. Upon settlement or final adjudication of a claim, we will apply the Deductible Amount against payable amounts as follows:
 - a. Sums other than those attributable to "allocated loss adjustment expense"; then
 - b. "Allocated loss adjustment expense" already reimbursed by you; then
 - c. "Allocated loss adjustment expense" yet to be reimbursed by you, if applicable.

F. Effect of Deductible Amount on Limits of Insurance

The applicable limits of insurance for the coverage part to which a Deductible Amount applies will be reduced only by that portion of the Deductible Amount that is not attributable to "allocated loss adjustment expenses".

G. Conditions

1. Voluntary Payments

If you voluntarily make any payment, assume any obligation or incur any expense, without our consent, then you do so at your own cost. Any such voluntary payment, assumed obligation or incurred expense does not contribute towards any applicable Deductible Amount(s) or Aggregate Deductible Amount under this policy.

2. Application of Recovered Amounts

We have your rights and the rights of persons entitled to the benefits of this insurance to recover sums that are reimbursable under this endorsement and any Deductible Amount from anyone liable for the injury or damages. You will do everything necessary to protect those rights for us and to help us enforce them.

If we recover any payment made under this policy from anyone liable for injury or damages, the recovered amount will first be applied to any payments made by us in excess of the Deductible Amount. The remainder of the recovery, if any, will then be applied to reduce the Deductible Amount reimbursed or reimbursable by you as respects that injury or damages.

3. Payment of Amounts Owed Under This Endorsement

- a. We may pay any part or all of any Deductible Amount(s) or "allocated loss adjustment expense" to effect settlement of any claim and, upon notification of the action taken you will reimburse us for such part of any Deductible Amount(s) or "allocated loss adjustment expense" as shown on the billing from us. You must pay us for all amounts for which you are responsible under this endorsement and reimburse us for any such amounts that we pay by the due date shown on the billing from us.
- b. If you fail to reimburse us for any amounts as required by this endorsement or policy, we may cancel this policy for nonpayment in accordance with the applicable law. Cancellation of this policy does not relieve you from any deductible obligations reimbursable by you.
- c. The first Named Insured shown in the Declarations is authorized to and will reimburse us for all amounts paid by us on behalf of all "insureds".
- d. Each Named Insured is jointly and severally liable for all reimbursements due to us under this endorsement, whether or not that Named Insured is involved in the claim, proceeding or "suit" causing any such amount to be due to us.

H. Definitions

1. "Allocated loss adjustment expense" is an expense directly allocable to a specific claim including but not limited to: all supplementary payments as set forth in this policy; all court costs, fees and expenses; all costs, fees and expenses for or incurred in connection with all attorneys, witnesses, experts, depositions, reported or recorded statements, summonses, service of process, legal transcripts or testimony, copies of any public records; alternative dispute resolution proceedings; interest; investigative services, non-employee adjusters, medical examinations, autopsies, medical cost containment; declaratory judgment, subrogation claims and proceedings, and any other fees, costs or expenses reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or a loss under this policy.
2. "Incident", for purposes of this endorsement only, means an "occurrence", offense, claim, accident, act, error or omission, common cause, disease or any other event, as defined or used in our policy, to which a Deductible Amount(s) applies.

I. Other Terms

1. The terms of this insurance apply irrespective of the application of any Deductible Amount(s), including those with respect to:
 - a. Our right and duty to investigate or defend the insured against any "suits" seeking those damages; and
 - b. Your duties in the event of a claim or circumstances likely to result in a claim.
2. You understand that your duties under this endorsement may continue after this policy expires or is cancelled.

Large Deductible – Combined Aggregate Deductible



| | | |
|------------|-------------------|-------------------|
| Policy No. | Eff. Date of Pol. | Eff. Date of End. |
| | | |

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

- Commercial General Liability Coverage Part**
- Employee Benefits Liability Coverage Part**
- Liquor Liability Coverage Part**
- Stop Gap Employers Liability Coverage Part**

DEDUCTIBLE SCHEDULE

| Coverage | | Deductible Amount | Basis |
|---------------------|--|-------------------|-----------------------------|
| Coverage A. | "Bodily Injury" and "Property Damage" Liability All persons or organizations | \$ | Each "Occurrence" |
| | "Bodily Injury" Liability Only All persons or organizations | \$ | Each "Occurrence" |
| | "Property Damage" Liability Only All persons or organizations | \$ | Each "Occurrence" |
| Coverage A. | "Bodily Injury" and "Property Damage" Liability | \$ | Each Claim |
| | "Bodily Injury" Liability Only | \$ | Each Claim |
| | "Property Damage" Liability Only | \$ | Each Claim |
| Coverage B. | "Personal and Advertising Injury" Liability By offense – Any one person or organization | \$ | Each Claim |
| Coverage C. | Medical Payments | \$ | Any One Person |
| Additional Coverage | Employee Benefits Liability | \$ | Each Act, Error or Omission |
| Additional Coverage | Liquor Liability | \$ | Each Common Cause |
| Additional Coverage | Stop Gap Employers Liability | \$ | Each Accident |
| Additional Coverage | Stop Gap Employers Liability - disease | \$ | Each "Employee" |

ALLOCATED LOSS ADJUSTMENT EXPENSE SELECTION SCHEDULE

| Select One | | | | | |
|-----------------------------------|---|-----|---|-----|--|
| Option 1 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for all "allocated loss adjustment expense", even if there is no payment for other than "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will contribute toward your Deductible Amount as shown in the Deductible Schedule and your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule . | | | | |
| Option 2 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for "allocated loss adjustment expense" as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; vertical-align: top;">(a)</td> <td>If the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount is equal to or less than the Deductible Amount(s) or if there is no amount payable other than "allocated loss adjustment expense", then you will reimburse us for all "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule; or</td> </tr> <tr> <td style="vertical-align: top;">(b)</td> <td>If the total amount payable for other than "allocated loss adjustment expense" exceeds the Deductible Amount, you will reimburse us a pro-rata share of total "allocated loss adjustment expense" based on the ratio of the Deductible Amount divided by the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount. "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule.</td> </tr> </table> | (a) | If the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount is equal to or less than the Deductible Amount(s) or if there is no amount payable other than "allocated loss adjustment expense", then you will reimburse us for all "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule ; or | (b) | If the total amount payable for other than "allocated loss adjustment expense" exceeds the Deductible Amount, you will reimburse us a pro-rata share of total "allocated loss adjustment expense" based on the ratio of the Deductible Amount divided by the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount. "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule . |
| (a) | If the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount is equal to or less than the Deductible Amount(s) or if there is no amount payable other than "allocated loss adjustment expense", then you will reimburse us for all "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule ; or | | | | |
| (b) | If the total amount payable for other than "allocated loss adjustment expense" exceeds the Deductible Amount, you will reimburse us a pro-rata share of total "allocated loss adjustment expense" based on the ratio of the Deductible Amount divided by the total amount payable for other than "allocated loss adjustment expense" as respects the basis for each Deductible Amount. "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule . | | | | |
| Option 3 <input type="checkbox"/> | As respects each Deductible Amount, you will reimburse us for all "allocated loss adjustment expense", even if there is no payment for other than "allocated loss adjustment expense". "Allocated loss adjustment expense" reimbursements will not contribute toward either your Deductible Amount as shown in the Deductible Schedule or your Combined Aggregate Deductible Amount as shown in the Combined Aggregate Deductible Schedule . | | | | |

If no option is selected, Option 3 will apply.

A. How the Deductible Amount Applies

You will reimburse us for the Deductible Amount(s) shown in the **Deductible Schedule** and for "allocated loss adjustment expenses" incurred based on the **Allocated Loss Adjustment Expense Selection Schedule**. The Deductible Amount(s) applies as follows:

1. If an Each Occurrence Deductible is shown, the Deductible Amount applies to all sums payable because of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".
2. If an Each Claim Deductible is shown, the Deductible Amount applies to all sums payable for each claim, sustained by any one person or organization.
 - a. For Other than Coverage B, to all sums payable for each claim, sustained by any one person or organization, and
 - b. For Coverage B, to all damages sustained by any one person or organization as the result of an offense.

3. Medical Payments - If an Any One Person limit is shown, the Deductible Amount applies to all sums payable to any one person as a result of an accident sustained by that person.
4. Employee Benefits Liability - If an Each Act, Error or Omission Deductible is shown, the Deductible Amount applies to all sums payable for all damages sustained by any one employee, including the employee's dependents and beneficiaries, because of acts, errors or omissions committed in the administration of employee benefit programs.
5. Liquor Liability - If a Common Cause Deductible is shown, the Deductible Amount applies to all sums payable for all injury sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person.
6. Stop Gap Employers Liability - If an Each Accident Deductible is shown, the Deductible Amount applies to all sums payable as the result of an accident, regardless of the number of people who sustain damages because of that accident.
7. Stop Gap Employers Liability - disease - If an Each Employee Deductible is shown, the Deductible Amount applies to all sums payable because of any one disease, and applies separately to each affected employee.

B. Large Deductible Provisions

1. If more than one Deductible Amount applies to sums payable arising from the same "incident" because more than one Coverage applies, you will be responsible for each and every applicable Deductible Amount.
2. Deductible Amount(s) apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.
3. Your obligation to pay the Deductible Amount(s) shown on this policy is not fulfilled by:
 - a. The payment of a Deductible Amount under any other policy; or
 - b. Any payment made by us or another insurance company;even if 3a. or 3b. above applies to the same "incident" as the Deductible Amount due under this policy.
4. If more than one policy issued by us applies to sums payable because of a single continuous "incident", the Deductible Amount(s) applies separately to each policy that we issue to which this endorsement or a similar Large Deductible Endorsement applies. Deductible Amounts also apply separately to each annual period and any remaining period of less than 12 months as described in **B.2.** above.
5. If a Coverage Part or Additional Coverage of this policy specifically applies a separate deductible(s):
 - a. the separate additional deductible amount applies to any loss separately and before the Deductible Amount(s) shown on the Schedule of this endorsement; and
 - b. the Deductible Amount(s) shown on the Schedule of this endorsement applies only if the loss exceeds the separate additional deductible amount described in 5.a. above, subject to the other terms and conditions of this endorsement.

C. Combined Aggregate Deductible Amount

1. The Combined Aggregate Deductible Amount shown in the **Combined Aggregate Deductible Schedule** for all policies listed in the **Combined Aggregate Deductible Schedule**, is the most you must reimburse us for the sum of:
 - a. all applicable Deductible Amount(s) as shown in each policy's **Deductible Schedule** that are included in each policy's Large Deductible with Combined Aggregate Deductible Endorsement(s); and

- b. all applicable "allocated loss adjustment expense" in accordance with each policy's **Allocated Loss Adjustment Expense Selection Schedule(s)** that are included in each policy's Large Deductible with Combined Aggregate Deductible Endorsement(s).

This single Combined Aggregate Deductible Amount applies to the entire policy period and to any remaining extension period of any policies.

2. The Combined Aggregate Deductible Amount is adjustable. The final Combined Aggregate Deductible Amount will be determined at the end of the policy period by an audit of your records, and will be based upon the sum of: the Rate(s) shown in the **Combined Aggregate Deductible Schedule** multiplied by the final audited Exposure(s), for each of the policies included in the **Combined Aggregate Deductible Schedule**. The amount shown in the **Combined Aggregate Deductible Schedule** as the Combined Aggregate Deductible Amount is an estimated amount, and is based on an estimate of what the audit of your records will develop.

In no event will the final audited Combined Aggregate Deductible Amount be less than the Combined Aggregate Deductible Amount shown in the **Combined Aggregate Deductible Schedule**, unless a Minimum Combined Aggregate Deductible Amount is shown in the **Combined Aggregate Deductible Schedule**. If a Minimum Combined Aggregate Deductible Amount is shown, the final audited Combined Aggregate Deductible Amount will not be less than the Minimum Combined Aggregate Deductible Amount.

D. Allocated Loss Adjustment Expense Reimbursement

In accordance with the **Allocated Loss Adjustment Expense Selection Schedule**:

1. If Option 1 is selected, "allocated loss adjustment expense" reimbursements made by you contribute to your Deductible Amount and Combined Aggregate Deductible Amount.
2. If Option 2 or Option 3 is selected, then you will reimburse us for all or pro-rata "allocated loss adjustment expense", as may apply, in accordance with the **Allocated Loss Adjustment Expense Selection Schedule** above, even if the Deductible Amount or the Combined Aggregate Deductible Amount, if applicable, is exceeded.

E. Application of the Deductible Amount to Payable Amounts

1. You will reimburse us for "allocated loss adjustment expense" according to the option selected in the **Allocated Loss Adjustment Expense Selection Schedule**.
2. Upon settlement or final adjudication of a claim, we will apply the Deductible Amount against payable amounts as follows:
 - a. Sums paid other than those attributable to "allocated loss adjustment expense"; then
 - b. "Allocated loss adjustment expense" already reimbursed by you; then
 - c. "Allocated loss adjustment expense" yet to be reimbursed by you, if applicable.

F. Effect of Deductible Amount on Limits of Insurance

The applicable limits of insurance for the coverage part to which a Deductible Amount applies will be reduced only by that portion of the Deductible Amount that is not attributable to "allocated loss adjustment expenses".

G. Conditions

1. Voluntary Payments

If you voluntarily make any payment, assume any obligation or incur any expense, without our consent, then you do so at your own cost. Any such voluntary payment, assumed obligation or incurred expense does not contribute towards any applicable Deductible Amount(s) or Combined Aggregate Deductible Amount under this policy.

2. Application of Recovered Amounts

We have your rights and the rights of persons entitled to the benefits of this insurance to recover sums that are reimbursable under this endorsement from anyone liable for the injury or damages. You will do everything necessary to protect those rights for us and to help us enforce them.

If we recover any payment made under this policy from anyone liable for injury or damages, the recovered amount will first be applied to any payments made by us in excess of the Deductible Amount. The remainder of the recovery, if any, will then be applied to reduce the Deductible Amount reimbursed or reimbursable by you as respects that injury or damages.

3. Payment of Amounts Owed Under This Endorsement

- a. We may pay any part or all of any Deductible Amount(s) or "allocated loss adjustment expense" to effect settlement of any claim and, upon notification of the action taken you will reimburse us for such part of any Deductible Amount(s) or "allocated loss adjustment expense" as shown on the billing from us. You must pay us for all amounts for which you are responsible under this endorsement and reimburse us for any such amounts that we pay by the due date shown on the billing from us.
- b. If you fail to reimburse us for any amounts as required by this endorsement or policy, we may cancel this policy for nonpayment in accordance with the applicable law. Cancellation of this policy does not relieve you from any deductible obligations reimbursable by you.
- c. The first Named Insured shown in the Declarations is authorized to and will reimburse us for all amounts paid by us on behalf of all "insureds".
- d. Each Named Insured is jointly and severally liable for all reimbursements due to us under this endorsement, whether or not that Named Insured is involved in the claim, proceeding or "suit" causing any such amount to be due to us.

H. Definitions

1. "Allocated loss adjustment expense" is an expense directly allocable to a specific claim including but not limited to: all supplementary payments as set forth in this policy; all court costs, fees and expenses; all costs, fees and expenses for or incurred in connection with all attorneys, witnesses, experts, depositions, reported or recorded statements, summonses, service of process, legal transcripts or testimony, copies of any public records; alternative dispute resolution proceedings; interest; investigative services, non-employee adjusters, medical examinations, autopsies, medical cost containment; declaratory judgment, subrogation claims and proceedings, and any other fees, costs or expenses reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or a loss under this policy.
2. "Incident", for purposes of this endorsement only, means an "occurrence", offense, claim, accident, act, error or omission, common cause, disease or any other event, as defined or used in our policy, to which a Deductible Amount(s) applies.

I. Other Terms

1. The terms of this insurance apply irrespective of the application of any Deductible Amount(s), including those with respect to:
 - a. Our right and duty to investigate or defend the Insured against any "suits" seeking those damages; and
 - b. Your duties in the event of a claim or circumstances likely to result in a claim.
2. You understand that your duties under this endorsement may continue after this policy expires or is cancelled.

Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

| | | | |
|--|--|-----------------------------------|------------|
| Satisfied -Name: | Uniform Transmittal Document- Property & Casualty | Review Status: Approved | 07-24-2007 |
| Comments: | | | |
| Attachments: | | | |
| NAIC FFS.pdf | | | |
| NAIC PC F.pdf | | | |
| Satisfied -Name: | Filing Fee | Review Status: Approved | 07-24-2007 |
| Comments: | | | |
| Attachment: | | | |
| Filing Fee Form.pdf | | | |
| Satisfied -Name: | Explanatory | Review Status: Approved | 07-24-2007 |
| Comments: | | | |
| Attachment: | | | |
| Large Deductible Filing Memorandum - f.pdf | | | |

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

| | | |
|-----------|---|-------------|
| 1. | This filing transmittal is part of Company Tracking # | CW OL 26317 |
|-----------|---|-------------|

| | | |
|-----------|--|-------------|
| 2. | This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable) | CW OL 26317 |
|-----------|--|-------------|

| 3. | Form Name /Description/Synopsis | Form # Include edition date | Replacement or Withdrawn? | If replacement, give form # it replaces | Previous state filing number, if required by state |
|----|--|-----------------------------|---|---|--|
| 01 | Large Deductible | U-GL-1326-A CW 06 07 | <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 02 | Large Deductible - Combined Aggregate Deductible | U-GL-1336-A CW 06 07 | <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 | | |
| 06 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 07 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 08 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 09 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 10 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |
| 11 | | | <input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | | |

Property & Casualty Transmittal Document

| | | |
|---|---|--|
| 1. Reserved for Insurance Dept. Use Only | 2. Insurance Department Use only | |
| | a. Date the filing is received: | |
| | b. Analyst: | |
| | c. Disposition: | |
| | d. Date of disposition of the filing: | |
| | e. Effective date of filing: | |
| | New Business | |
| | Renewal Business | |
| | f. State Filing #: | |
| | g. SERFF Filing #: | |
| h. Subject Codes | | |

| | |
|----------------------|---------------------|
| 3. Group Name | Group NAIC # |
| Zurich North America | 212 |

| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # |
|--|----------|--------|------------|---------|
| American Guarantee and Liability Insurance Company | NY | 26247 | 36-6071400 | |
| American Zurich Insurance Company | IL | 40142 | 36-3141762 | |
| Colonial American Casualty and Surety Company | MD | 34347 | 52-1096670 | |
| Empire Fire and Marine Insurance Company | NE | 21326 | 47-6022701 | |
| Fidelity and Deposit Company of Maryland | MD | 39306 | 13-3046577 | |
| Zurich American Insurance Company | NY | 16535 | 36-4233459 | |
| Zurich American Insurance Company of Illinois | IL | 27855 | 36-2781080 | |

| | |
|-----------------------------------|--------------------|
| 5. Company Tracking Number | CW OL 26317 |
|-----------------------------------|--------------------|

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

| 6. | Name and address | Title | Telephone #s | FAX # | e-mail |
|----|---|-----------------------------------|--------------------|--------------|--------------------------|
| | Karen Falbo Zurich North America 1400 American Lane Schaumburg, IL 60196 | Regulatory Services Analyst | 847-605-7545 | 847-605-7768 | karen.falbo@zurichna.com |
| 7. | Signature of authorized filer | | <i>Karen Falbo</i> | | |
| 8. | Please print name of authorized filer | | Karen Falbo | | |

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

| | |
|---|--|
| 9. Type of Insurance (TOI) | Other Liability |
| 10. Sub-Type of Insurance (Sub-TOI) | |
| 11. State Specific Product code(s) (if applicable)[See State Specific Requirements] | 17.0022 |
| 12. Company Program Title (Marketing title) | Large Deductible Endorsements |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" 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: 9/1/2007 Renewal: : 9/1/2007 |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 16. Reference Organization (if applicable) | |
| 17. Reference Organization # & Title | |
| 18. Company's Date of Filing | 7/23/2007 |

19. Status of filing in domicile

 Not Filed Pending Authorized Disapproved**Property & Casualty Transmittal Document—**

20. This filing transmittal is part of Company Tracking #

CW OL 26317

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

This filing introduces two new endorsements to be used with mutually agreed-upon individual risk ratings.

The "Large Deductible—Combined Aggregate Deductible" form (U-GL-1336) provides a facility for the underwriter to consider application of an aggregate deductible amount provision, for a price, that is not available with use of the ISO deductible form.

The "Large Deductible" form U-GL-1326, is an optional use endorsement that can be used as an alternate endorsement to the existing ISO deductible liability form CG 03 00. The U-GL-1326 will be used in those situations and on those risks where the CG 03 00 is not sufficient. This includes risk situations where the underwriter wants to provide deductible liability coverage excess of more coverages than just BI and PD. Also where a risk is priced for application of defense costs (ALAE) either wholly or partially to apply against the satisfaction of applicable deductible amounts, where an Aggregate Deductible amount is desired and where a deductible is desired that applies against and depletes the policy limits of insurance. All of these additional features are available for use on our form U-GL-1326, but are not available with the ISO form CG 03 00.

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 #: 3400281635

Amount: 50.00

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.)

SERFF FILING FEE TRANSMITTAL FORM

| | |
|---|--|
| DATE | July 23, 2007 |
| INSURANCE COMPANY NAME | American Guarantee and Liability Insurance Company American Zurich Insurance Company Zurich American Insurance Company Colonial American Casualty & Surety Company Empire Fire and Marine Insurance Company Fidelity and Deposit Company of Maryland Zurich American Insurance Company of Illinois |
| INSURANCE COMPANY NAIC # | AG: 212-26247 AZ: 212-40142 CACS: 212-34347 EFM: 212-21326 FD: 212-39306 ZAIC: 212-16535 ZAI: 212-27855 |
| INSURANCE COMPANY ADDRESS | 1400 American Lane Schaumburg, IL 60196-1056 |
| CONTACT PERSON & TELEPHONE NUMBER | Karen Falbo 847-605-7545 |
| TYPE OF FILING – (CHECK ONE) | <input type="checkbox"/> L&H <input checked="" type="checkbox"/> P&C |
| FILING FORM #'S or FILING REFERENCE #'S | CW OL 26317 |
| SERFF TRACKING NUMBER | ZURC-125240279 |
| CHECK AMOUNT | \$50.00 |
| CHECK DATE | 07-19-2007 |
| CHECK NUMBER | 3400281635 |

Large Deductible Filing Memorandum

This filing introduces two new endorsements to be used with mutually agreed-upon individual risk ratings.

Currently we have only the existing ISO Deductible endorsement for use, form CG 03 00. This form allows for deductible liability insurance only excess of bodily injury and property damage coverage - Coverage A of CGL insurance. For larger risks, a deductible endorsement is needed that will apply not only over bodily injury and property damage, but also other coverages, such as personal and advertising injury, employee benefits liability, liquor liability, stopgap liability and other scheduled coverages. Also, this larger risk deductible form allows for handling and payment of defense costs on other than just outside of limits basis, as applies with the ISO deductible form CG 03 00.

The "Large Deductible—Combined Aggregate Deductible" form (U-GL-1336) provides a facility for the underwriter to consider application of an aggregate deductible amount provision, for a price, that is not available with use of the ISO deductible form.

The large deductible form that we have developed, form U-GL-1326, is an optional use endorsement that can be used as an alternate endorsement to the existing ISO deductible liability form CG 03 00. The U-GL-1326 will be used in those situations and on those risks where the CG 03 00 is not sufficient. This includes risk situations where the underwriter wants to provide deductible liability coverage excess of more coverages than just BI and PD. Also where a risk is priced for application of defense costs (ALAE) either wholly or partially to apply against the satisfaction of applicable deductible amounts, where an Aggregate Deductible amount is desired and where a deductible is desired that applies against and depletes the policy limits of insurance. All of these additional features are available for use on our form U-GL-1326, but are not available with the ISO form CG 03 00.