

SERFF Tracking Number: CHUB-125191892 State: Arkansas
First Filing Company: Federal Insurance Company, ... State Tracking Number: AR-PC-07-024951
Company Tracking Number: 07-CMQ-15-RR
TOI: 05.2 Commercial Multi-Peril - Liability Portion Sub-TOI: 05.2003 Commercial Package
Only
Product Name: CMQ - GL DED/SIR
Project Name/Number: /

Filing at a Glance

Companies: Federal Insurance Company, Great Northern Insurance Company, Pacific Indemnity Company, Vigilant Insurance Company

Product Name: CMQ - GL DED/SIR SERFF Tr Num: CHUB-125191892 State: Arkansas
TOI: 05.2 Commercial Multi-Peril - Liability Portion Only SERFF Status: Closed State Tr Num: AR-PC-07-024951
Sub-TOI: 05.2003 Commercial Package Co Tr Num: 07-CMQ-15-RR State Status:
Filing Type: Rate Co Status: Reviewer(s): Edith Roberts
Authors: Lawanda Cooper, Debra Rodgers, Eileen Plock, Dennis Keegan Disposition Date: 08/16/2007
Date Submitted: 06/05/2007 Disposition Status: Filed
Effective Date Requested (New): 02/01/2008 Effective Date (New):
Effective Date Requested (Renewal): 02/01/2008 Effective Date (Renewal):

General Information

Project Name: Status of Filing in Domicile: Pending
Project Number: Domicile Status Comments: Approved effective 2/1/2008 in Minnesota(GN) and Wisconsin(PI). Pending approval in New York (V) and Indiana(F).
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 08/16/2007
State Status Changed: 06/05/2007 Deemer Date:
Corresponding Filing Tracking Number: 07-CMQ-11-RR
Filing Description:
Enclosed for filing are manual pages from our Customarq product which apply to new endorsements that have been filed under separate cover. Also enclosed to assist you in your review are the following:

Rate and Rule Explanatory Memorandum;

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Filing Fees and State Forms, where applicable.

Our corresponding form filing is being sent under separate cover, filing no. 07-CMQ-11-RR.

Your approval would be appreciated effective February 1, 2008.

Company and Contact

Filing Contact Information

Jane Gutman, Unit Manager jgutman@chubb.com
 202 Hall's Mill Road (908) 572-4422 [Phone]
 Whitehouse Station, NJ 08889-1650 (908) 572-4820[FAX]

Filing Company Information

Federal Insurance Company	CoCode: 20281	State of Domicile: Indiana
202 Hall's Mill Road	Group Code: 38	Company Type:
P.O. Box 1650		
Whitehouse Station, NJ 08889-1650	Group Name:	State ID Number:
(908) 572-4726 ext. [Phone]	FEIN Number: 13-1963496	

Great Northern Insurance Company	CoCode: 20303	State of Domicile: Minnesota
202 Hall's Mill Road	Group Code: 38	Company Type:
P.O. Box 1650		
Whitehouse Station, NJ 08889-1650	Group Name:	State ID Number:
(908) 572-4726 ext. [Phone]	FEIN Number: 41-0729473	

Pacific Indemnity Company	CoCode: 20346	State of Domicile: Wisconsin
202 Hall's Mill Road	Group Code: 38	Company Type:
P.O. Box 1650		
Whitehouse Station, NJ 08889-1650	Group Name:	State ID Number:
(908) 572-4726 ext. [Phone]	FEIN Number: 95-1078160	

Vigilant Insurance Company	CoCode: 20397	State of Domicile: New York
202 Hall's Mill Road	Group Code: 38	Company Type:

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P.O. Box 1650

Whitehouse Station, NJ 08889-1650

(908) 572-4726 ext. [Phone]

Group Name:

FEIN Number: 13-1963495

State ID Number:

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Filing Fees

Fee Required? Yes
Fee Amount: \$0.00
Retaliatory? No
Fee Explanation: \$100 per filing
Per Company: No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
00362286	\$100.00	05/25/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	08/16/2007	08/16/2007
Exempt from Review	Llyweyia Rawlins	06/11/2007	06/11/2007

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Edith Roberts	06/28/2007	06/28/2007	Debra Rodgers	08/09/2007	08/09/2007

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Section X Program 20 - Professional Liability Rate Pages	Rate	Debra Rodgers	06/15/2007	06/15/2007

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Disposition

Disposition Date: 08/16/2007
 Effective Date (New):
 Effective Date (Renewal):
 Status: Filed
 Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Federal Insurance Company	0.400%	\$1,861	190	\$465,155	0.600%	0.000%	0.000%
Great Northern Insurance Company	0.400%	\$1,685	80	\$421,325	0.600%	0.000%	0.000%
Pacific Indemnity Company	0.400%	\$415	17	\$103,776	0.600%	0.000%	0.000%
Vigilant Insurance Company	0.400%	\$52	11	\$13,044	0.600%	0.000%	0.000%

Overall Rate Information for Multiple Company Filings
Overall Percentage Rate Indicated For This Filing

0.000%

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Product Name: CMQ - GL DED/SIR
Project Name/Number: /

Overall Percentage Rate Impact For This Filing 0.400%
Effect of Rate Filing-Written Premium Change For This Program \$4,013
Effect of Rate Filing - Number of Policyholders Affected 298

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 Only
 Product Name: CMQ - GL DED/SIR
 Project Name/Number: /

Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter and EMs	Filed	Yes
Supporting Document	Side by Sides	Filed	Yes
Supporting Document	Response Letter and attachement	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V.A. Advertising Injury and Personal Injury-Increased Limit Adjustment	Filed	Yes
Rate	Section X - Program 5 - Rules	Filed	Yes
Rate	Section X Program 20 - Professional Liability Rate Pages	Filed	Yes

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 Project Name/Number: /

Disposition

Disposition Date: 06/11/2007
 Effective Date (New): 02/01/2008
 Effective Date (Renewal): 02/01/2008
 Status: Exempt from Review
 Comment: Contingent on receiving filing fee

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Federal Insurance Company	0.400%	\$1,861	190	\$465,155	0.600%	0.000%	0.000%
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Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing 0.000%

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Product Name: CMQ - GL DED/SIR
Project Name/Number: /

Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$4,013
Effect of Rate Filing - Number of Policyholders Affected	298

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter and EMs	Filed	Yes
Supporting Document	Side by Sides	Filed	Yes
Supporting Document	Response Letter and attachement	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V	Filed	Yes
Rate	Section V.A. Advertising Injury and Personal Injury-Increased Limit Adjustment	Filed	Yes
Rate	Section X - Program 5 - Rules	Filed	Yes
Rate	Section X Program 20 - Professional Liability Rate Pages	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06/28/2007
Submitted Date 06/28/2007

Respond By Date

Dear Jane Gutman,

This will acknowledge receipt of the captioned filing.

Professional Liability rates must be filed with the Department. If you wish to "a" rate the risks, please submit to the Department, a rule stating that you will do an individual risk filing for each policy.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/09/2007
Submitted Date 08/09/2007

Dear Edith Roberts,

Comments:

Response 1

Comments: Dear Ms. Roberts,

Please see our attached response.

Thank you,

Deb Rodgers

SERFF Tracking Number: CHUB-125191892 *State:* Arkansas
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TOI: 05.2 Commercial Multi-Peril - Liability Portion *Sub-TOI:* 05.2003 Commercial Package
Only
Product Name: CMQ - GL DED/SIR
Project Name/Number: /

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response Letter and attachement

Comment: Response attached.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Debra Rodgers, Dennis Keegan, Eileen Plock, Lawanda Cooper

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Project Name/Number: /

Amendment Letter

Amendment Date:
Submitted Date: 06/15/2007

Comments:

Dear Ms. Rawliins,

Enclosed are the Counseling and Teaching Services Professional Liability Rate Page and the Counseling and Professional Liability Supplementary Rating Information Table. As we were advised by the Department of Insurance, these are the only manual pages that are required to be filed. The remaining pages are exempt from filing.

Thank you for all your help.

Deb Rodgers

Changed Items:

Rate/Rule Schedule Item Changes:

Exhibit Name:	Rule # or Page #:	Rate Action:	Previous State Filing Numbers:	Attach Document:
Section X Program 20 - Professional Liability Rate Pages	1.0 and 2.0 Edition 01/01/2007	Replacement		AR_Section X-Program 20 - Prof. Liab Rate Pages 1.0 and 2.0 .pdf

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Rate Information

Rate data applies to filing.

Filing Method: Prior Approval
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 07/01/2006
Filing Method of Last Filing: Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
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<i>SERFF Tracking Number:</i>	<i>CHUB-125191892</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Federal Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-024951</i>
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<i>Product Name:</i>	<i>CMQ - GL DED/SIR</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Overall Rate Information for Multiple Company Filings

Overall % Rate Indicated:	0.000%
Overall Percentage Rate Impact For This Filing:	0.400%
Effect of Rate Filing - Written Premium Change For This Program:	\$4,013
Effect of Rate Filing - Number of Policyholders Affected:	298

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	Section V	Page 6.0 and 6.1, Ed. 10/1/06	Replacement	N/A	Section V_Page 6.0 thru 6.1.pdf
Filed	Section V	Page 8.0 and 8.1, Ed. 10/1/06	Replacement	N/A	Section V_Page 8.0 thru 8.1.pdf
Filed	Section V	Page 9.0 thru 9.5, Ed. 10/1/06	Replacement	N/A	Section V_Page 9.0 thru 9.5.pdf
Filed	Section V	Page 10.0, Ed. 10/1/06	Replacement	N/A	Section V_Page 10.0.pdf
Filed	Section V	Page 10.1, Ed. 10/1/06	New		Section V_Page 10.1.pdf
Filed	Section V	Page 10.2 and 10.3, Ed. 10/1/06	Replacement	N/A	Section V_Page 10.2 thru 10.3.pdf
Filed	Section V.A. Advertising Injury and Personal Injury-Increased Limit Adjustment	Page 1.0 and 2.0, Ed. 10/1/06	New		Section V.A._Page 1.0 thru 2.0.pdf
Filed	Section X - Program 5 - Rules	Page 56.1, Ed. 10/1/06	New		Section X_Prog 5_Page 56.1.pdf

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Filed	Section X Program 20 1.0 and 2.0 - Professional Liability Edition Rate Pages	Replacement 01/01/2007	AR_Section X- Program 20 - Prof. Liab Rate Pages 1.0 and 2.0 .pdf
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V.19. DAMAGE TO YOUR ELECTRONIC PRODUCTS

For details of coverage, refer to the policy.

A. Rules

1. Additional interests cannot be added to this coverage.
2. Basic limits rates reflect the following limits:
\$100,000 each claim limit
\$100,000 aggregate limit

B. Minimum Premium

The minimum premium is \$500 for a limit of up to \$1,000,000 plus \$250 for each \$1,000,000 of limit in excess of \$1,000,000.

C. Premium Determination

Refer to rule IV.3. to compute premium.

V.20. DEDUCTIBLES LIABILITY - RATE ADJUSTMENT CALCULATION

For details of coverage, refer to the policy.

A. Rules

- 1.** If the deductible applies to Advertising Injury (AI) or Personal Injury (PI) then refer to Special Rules for Advertising Injury and Personal Injury in rule V.20-1. Use the results from rule V.20-1 as the results in 3. below.
- 2.** Refer to the Supplementary Rating Information Table for the appropriate coverage to determine the applicable Deductible Tables.
- 3.** Determine the Deductible Adjustment Amount from the appropriate table determined in 2. above.
- 4.** Deductible amounts in excess of \$100,000, or otherwise not specified in deductible table, may be (a) rated.
- 5.** The Deductible Adjustment Amount determined in 3. above is subject to modifications to reflect the various deductible options. Refer to the appropriate deductible rule to determine the various Deductible Adjustment Amount modifications. Apply these modifications to the Deductible Adjustment Amount determined in 3. above. The modifications are applied cumulatively.

B. Premium Determination

Refer to rule IV.3. to compute premium.

V.20-2. DEDUCTIBLE BASIS

For details of coverage, refer to the policy.

- A. If the deductible is modified from Each Event / Each Occurrence to Each Claim, multiply the Deductible Adjustment Amount determined in rule V.20. by Each Event-to-Each Claim or Each Occurrence-to-Each Claim Deductible Factor determined from the table below.

Deductible Amount	Each Event-to-Each Claim or Each Occurrence-to-Each Claim Deductible Factor	
	Coverages other than Products/Completed Operations	Products/Completed Operations
250	1.23	1.12
500	1.22	1.12
750	1.21	1.12
1,000	1.21	1.12
2,000	1.20	1.11
3,000	1.19	1.11
4,000	1.18	1.11
5,000	1.17	1.11
10,000	1.14	1.11
15,000	1.12	1.11
20,000	1.10	1.11
25,000	1.09	1.11
50,000	1.07	1.10
100,000	1.06	1.06
250,000	1.04	1.04
500,000	1.03	1.04
1,000,000	1.015	1.04

- B.** If the deductible is modified from Each Claim to Each Event, multiply the Deductible Adjustment Amount determined in rule V.20. by Each Claim-to-Each Event Deductible Factor determined from the table below.

Deductible Amount	Each Claim to-Each Event Deductible Factor
250	0.81
500	0.82
750	0.83
1,000	0.83
2,000	0.83
3,000	0.84
4,000	0.85
5,000	0.85
10,000	0.88
15,000	0.89
20,000	0.91
25,000	0.92
50,000	0.93
100,000	0.94
250,000	0.96
500,000	0.97
1,000,000	0.99

V.20-3. BATCH DEDUCTIBLE – THIS RULE HAS BEEN DELETED

V.20-4. DEDUCTIBLE FOR INDEMNITY AND DEDUCTIBLE EXPENSES

For details of coverage, refer to the policy.

- A. If the deductible is to be applied to Deductible Expenses, multiply the Deductible Adjustment Amount determined in rule V.20 by the appropriate factor from the table below. This rule only applies to Premises/Operations and Products – Completed Operations.

Deductible Amount	Factor
250	1.04
500	1.05
750	1.06
1,000	1.07
2,000	1.08
3,000	1.09
4,000	1.10
5,000	1.11
10,000	1.14
15,000	1.18
20,000	1.20
25,000	1.22
50,000	1.28
100,000	1.32
250,000	1.33
500,000	1.34
1,000,000	1.35

For values not shown, interpolation is permitted.

- B.** From the table below, determine the second adjustment factor by using the first two digits of the risk's Standard Industrial Classification (SIC) code.

1st Two Digits of SIC Code	SIC Group Description	Selected Adj. Factor
28	Chemical and Allied Products	1.075
38	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks	1.075
48	Communications	1.075
56	Apparel and Accessory Stores	1.075
61	Non-depository Credit Institutions	1.075
67	Holding and Other Investment Offices	1.075
73	Business Services	1.075
78	Motion Pictures	1.075
13	Oil and Gas Extraction	1.050
36	Electronic Equipment other than Computers	1.050
49	Electrical, Gas and Sanitary Services	1.050
51	Wholesale Trade – Nondurable Goods	1.050
58	Eating and Drinking Places	1.050
62	Security and Commodity Brokers, Dealers, Exchanges, and Services	1.050
63	Insurance Carriers	1.050
82	Educational Services	1.050
86	Membership Organizations	1.050
26	Paper and Allied Products	0.950
33	Primary Metal Industries	0.950
42	Motor Freight Transportation and Warehousing	0.950
83	Social Services	0.950
84	Museums, Art Galleries, and Botanical and Zoological Gardens	0.950
32	Stone, Clay, Glass and Concrete Products	0.925
54	Food Stores	0.925
72	Personal Services	0.925
75	Automotive Repair, Services and Parking	0.925
81	Legal Services	0.925

80	Health Services	0.875
87	Engineering, Accounting, Research, Management, and Related Services	0.875
01	Agriculture Production – Crops	1.000
02	Agriculture Production – Livestock and Animal Specialties	1.000
07	Agricultural Services	1.000
08	Forestry	1.000
09	Fishing, Hunting and Trapping	1.000
10	Metal Mining	1.000
12	Coal Mining	1.000
14	Mining and Quarrying of Nonmetallic Minerals, Except Fuels	1.000
15	Building Construction – General Contractors and Operative Builders	1.000
16	Heavy Construction Other Than Building Construction – Contractors	1.000
17	Construction – Special Trade Contractors	1.000
20	Food and Kindred Products	1.000
21	Tobacco Products	1.000
22	Textile Mill Products	1.000
23	Apparel and Other Finished Products Made From Fabrics and Similar Materials	1.000
24	Lumber and Wood Products, Except Furniture	1.000
25	Furniture and Fixtures	1.000
27	Printing, Publishing, and Applied Industries	1.000
29	Petroleum Refining and Related Industries	1.000
30	Rubber and Miscellaneous Plastics Products	1.000
31	Leather and Leather Products	1.000
34	Fabricated Metal Products, Except Machinery and Transportation Equipment	1.000
35	Industrial and Commercial Machinery and Computer Equipment	1.000
37	Transportation Equipment	1.000
39	Miscellaneous Manufacturing Industries	1.000

40	Railroad Transportation	1.000
41	Local and Suburban Transit and Interurban Highway Passenger Transportation	1.000
43	United States Postal Service	1.000
44	Water Transportation	1.000
45	Transportation By Air	1.000
46	Pipelines, Except Natural Gas	1.000
47	Transportation Services	1.000
50	Wholesale Trade – Durable Goods	1.000
52	Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	1.000
53	General Merchandise Stores	1.000
55	Automotive Dealers and Gasoline Service Stations	1.000
57	Home Furniture, Furnishings, and Equipment Stores	1.000
59	Miscellaneous Retail	1.000
60	Depository Institutions	1.000
64	Insurance Agents, Brokers, and Service	1.000
65	Real Estate	1.000
70	Hotels, Rooming Houses, Camps, and Other Lodging Places	1.000
76	Miscellaneous Repair Services	1.000
79	Amusement and Recreational Services	1.000
88	Private Households	1.000
89	Services, Not Elsewhere Classified	1.000
91	Executive, Legislative, and General Government, Except Finance	1.000
92	Justice, Public Order and Safety	1.000
93	Public Finance, Taxation, and Monetary Policy	1.000
94	Administration of Human Resource Programs	1.000
95	Administration of Environmental Quality and Housing Programs	1.000
96	Administration of Economic Programs	1.000
97	National Security and International Affairs	1.000

- C. Determine the combined adjustment factor as follows:
1. Subtract 1.00 from the factor determined in A. above.
 2. Multiply the result of C1. by the factor determined in B. above.
 3. Add the result of C2. to 1.000.

V.20-5. AGGREGATE DEDUCTIBLE

For details of coverage, refer to the policy.

1. If there is an Aggregate Deductible, determine the highest deductible amount of the Premises-Operations or Products-Completed Operations BI or PD deductible or the AI or PI deductible. If these deductibles are not applicable, determine the highest deductible amount of the other coverages.
2. Multiple the Deductible Adjustment Amount determined in rule V.20. by the Aggregate Deductible factor from the table below.

Ratio of Aggregate Deductible to Deductible	Aggregate Deductible Factor
1.0	0.50
2.0	0.60
2.5	0.65
3.0	0.70
4.0	0.80
5.0	0.85
10.0	0.90
20.0	0.95
No Aggregate	1.00

V.20-6. SELF-INSURED RETENTIONS

For details of coverage, refer to the policy.

The self-insured retention adjustment amount is to multiply the Deductible Adjustment Amount determined in rule V.20. by the relativity factor of 1.15.

V.21. DEFENSE - EXCLUDED PRODUCTS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the Products-Completed Operations rate is 1.010.

B. Premium Determination

Refer to the rule IV.3. to compute premium.

V.22. DEFENSE OUTSIDE LIMITS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the appropriate Errors and Omissions Rate is 1.150.

B. Premium Determination

Refer to rule IV.3. to compute premium.

ADVERTISING INJURY & PERSONAL INJURY - INCREASED LIMIT ADJUSTMENT

A. Adjusted Increased Limit Factor to Premises/Operations

When the Advertising Injury/Personal Injury Aggregate limit or Personal Injury Aggregate limit is different from the General Aggregate limit, rule IV.3.E.2. is deleted and replaced with the following for Premises/Operations:

2. Multiply the premium determined in 1. above by the Modified Increased Limit(s) Factor. The Modified Increased Limit(s) Factor is determined as follows:
 - a. Refer to the State Rate Pages for the appropriate coverage to determine the applicable Increased Limit(s) Factor Table.
 - b. Refer to the Supplementary Rating Information Table for the appropriate coverage to determine the applicable Increased Limit(s) Factor Adjustment Tables.
 - c. Refer to the applicable Increased Limit(s) Factor Table determined in a. above to determine the Increased Limit(s) Factor.
 - d. Refer to the appropriate Increased Limit(s) Factor Adjustment Tables determined in b. above to determine any applicable Adjustment Amounts.
 - e. Determine the Increased Limit Factor Ratio using the following formula.

$$(\text{ILF Ratio}) = \left(\frac{\text{Advertising Injury/Personal Injury Aggregate Limit or Personal Injury Aggregate Limit}}{\text{General Aggregate Limit}} \right)^{0.19}$$

- f. Using the Increased Limit Factor Ratio determined in A.2.e. above, determine the appropriate ILF adjustment to be applied to the ILF determined in A.2.c above:
 1. If an Advertising Injury/Personal Injury Aggregate limit applies, use the following formula:
$$(\text{ILF Adj}) = 0.83 + 0.17 \times (\text{ILF Ratio})$$
 2. If a Personal Injury Aggregate limit applies, use the following formula:
$$(\text{ILF Adj}) = 0.93 + 0.07 \times (\text{ILF Ratio})$$
- g. Calculate the Abs Diff as follows:
 1. Subtract the increased limit factor (ILF) determined in A.2.c. above from 1.0.
 2. Change the resulting value to be a positive. The result is the Abs Diff, i.e.
$$(\text{Abs Diff}) = \text{absolute value}((\text{ILF}) - 1.0)$$
- h. Using the Abs Diff from A.2.g.2., the ILF Adj from A.2.f.2 and the ILF from A.2.c., calculate the Final Adjusted ILF using the following formula:
$$\text{Final Adjusted ILF} = (\text{Abs Diff}) \times ((\text{ILF Adj}) - 1.0) + (\text{ILF})$$
- i. Refer to rule V.20. to determine the Deductible Adjustment Amount.

- j.** Add the Increased Limit(s) Factor Adjustment(s) determined in d. above and subtract the Modified Deductible Adjustment Amount determined in i. above from the Increased Limit(s) Factor determined in h. above. The result is the Modified Increased Limit(s) Factor.

LIFE SCIENCES PROGRAM

R32. *V.20-4.B. and C. Deductible For Indemnity And Deductible Expenses are deleted*

Counseling and Teaching Services
Professional Liability
Rate Page

Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company

Arkansas

<u>Class Code</u>	<u>Applicable Increased Limits Factor Table</u>	<u>Applicable Claims-Made Table</u>	<u>Rate</u>
00327-01	POIL04	n/a	(a)
00327-02	POIL04	n/a	(a)

na - not applicable

Counseling and Teaching Services
Professional Liability
Supplementary Rating Information Table

Federal Insurance Company
Great Northern Insurance Company
Pacific Indemnity Company
Vigilant Insurance Company

Arkansas

Class Code	Size if Risk Parameters				Is as IRSR Applic.?	Applicable Increased Limits Factors Adjustment Table	Applicable Deductible Table
	A	B	C	D			
00327-01	16.14	-0.452	1.000	0.000	N	na	PODD09
00327-02	16.14	-0.452	1.000	0.000	Y	na	PODD09

na - not applicable

SERFF Tracking Number: CHUB-125191892 State: Arkansas
First Filing Company: Federal Insurance Company, ... State Tracking Number: AR-PC-07-024951
Company Tracking Number: 07-CMQ-15-RR
TOI: 05.2 Commercial Multi-Peril - Liability Portion Sub-TOI: 05.2003 Commercial Package
Only
Product Name: CMQ - GL DED/SIR
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Cover Letter and EMs	Review Status: Filed	08/16/2007
Comments:		
Attachments:		
AR_coverletterRR.pdf		
AR_EMs - RateRule.pdf		
Satisfied -Name: Side by Sides	Review Status: Filed	08/16/2007
Comments:		
Attachment:		
Rule_Side-by-SideDoc.pdf		
Satisfied -Name: Response Letter and attachement	Review Status: Filed	08/16/2007
Comments:		
Response attached.		
Attachments:		
AR-ResponseLetter.pdf		
AR_SECT15_Page6ForResponseLetter.pdf		



CHUBB GROUP OF INSURANCE COMPANIES

202 Hall's Mill Rd., P.O. Box 1650 Whitehouse Station, NJ 08889-1650

May 30, 2007

Commissioner of Insurance
Arkansas Department of Insurance
1200 West Third Street
Little Rock, Arkansas 72201-1904

Re: CUSTOMARQ Series
Rate/Rule Filing
Filing No. 07-CMQ-15-RR

20281 Federal Insurance Company
20397 Vigilant Insurance Company
20303 Great Northern Insurance Company
20346 Pacific Indemnity Company

Dear Sir:

Enclosed for filing are manual pages from our Customarq product which apply to new endorsements that have been filed under separate cover. Also enclosed to assist you in your review are the following:

- Rate and Rule Explanatory Memorandum;
- Filing Fees and State Forms, where applicable.

Our corresponding form filing is being sent under separate cover, filing no. 07-CMQ-11-F.

Your approval would be appreciated effective February 1, 2008.

Very truly yours,
Chubb & Son
A division of Federal Insurance Company
Manager

By:

Jane G. Gutman, Manager
Specialty Lines Division
CCI - State Filings Department – WHB-2N50
(908) 572-4422/FAX (908) 572-4820

JGG/dr
Encl.

Liability Deductible / Self Insured Retention Rule Explanatory Memorandum Arkansas

Contained within this filing are new rules to the existing V, V.A. and Section X – Program 5 with regard to liability deductible and self-insured retention,

The format of the rules has been changed so that each rule begins on a new page. This is designed to facilitate future filings so that existing page numbers do not have to change to accommodate the addition or deletion of rules.

SECTION V

The following rules are being added to the existing Section V:

New Rule	Replaced or Withdrawn Rule	Explanation
Rule V.19 – Damage to Your Electronic Products – Page 6.0 (Ed. 10/1/06)	Rule V.19 – Damage to Your Electronic Products – Page 6.0 (Ed. 2/1/98)	This rule has not changed. This page has been modified in order to delete the deductible rule V.20 and move it to the next page.
Rule V.20 – Deductibles Liability – Rate Adjustment Calculation – Page 6.1 (Ed. 10/1/06)	Rule V.20 – Deductibles Liability – Rate Adjustment Calculation – Page 6.0 (Ed. 2/1/98)	This rule was moved to new page. Existing Rule V.20.A.4.was renumbered to rule V.20-A.5 and new rule into Rule V.20-A-4 has been inserted.
Rule V.20-2 – Deductible Basis – Pages 8.0 and 8.1 (Ed. 10/1/06)	Rule V.20-2 – Deductible – Per Claim – Page 8.0 (Ed. 2/1/98)	The rule name has been amended to contemplate change in our endorsement language. Rating option providing the ability to amend deductibles from Each Event to Each Claim for coverages contemplated on an Each Event basis has been expanded to be used with additional coverages. Added rating option to provide the ability to amend deductibles from Each Claim to Each Event for those coverages contemplated on an Each Claim basis.
Rule V.20-3 – Batch Deductible – Page 9.0 (Ed. 10/1/06)	Rule V.20-3 – Batch Deductible - Page 9.0 (Ed. 2/1/98)	Rule V.20-3 is being deleted Rule V.20-4 is moved to next page.
Rule V.20-4 – Deductible For Indemnity And Deductible Expenses – Page 9.1 through 9.5 Ed. 10/1/06)	Rule V.20-4 – Deductible for Indemnity and Supplementary Payments –Page 9.0 (Ed. 2/1/98)	Rule V.20-4 is amended to contemplate change in our endorsement language. V.20-4.B has been added to apply secondary adjustment factors per SIC code.
Rule V.20-5 – Aggregate Deductible – Page 10.0 (Ed. 10/1/06)	Rule V.20-5 – Aggregate Deductible – Page 10.0 (Ed. 2/1/98)	Rule V.20-5 Aggregate Deductible rating methodology has been expanded to apply to additional coverages associated with new endorsements.
Rule V.20-6 – Self-Insured Retentions – Page 10.1 (Ed. 10/1/06)	New	This rule is new and adds an adjustment factor for a Self-Insured Retention.

Liability Deductible / Self Insured Retention Rule Explanatory Memorandum Arkansas

New Rule	Replaced or Withdrawn Rule	Explanation
Rule V.21 – Defense – Excluded Products Page 10.2 (Ed. 10/1/06)	Rule V.21 – Defense – Excluded Products – Page 10.0 (Ed. 2/1/98)	This rule has not changed. Due to spacing limitations on prior deductible rule page 10.0, this rule was moved to a new page.
Rule V.22 – Defense Outside Limits – Page 10.3 (Ed. 10/1/06)	Rule V.22 – Defense Outside Limits – Page 10.0 (Ed. 2/1/98)	This rule has not changed. Due to spacing limitations on prior deductible rule page 10.0, this rule was moved to a new page.

SECTION V.A.

The following rule is being added in the existing Section V.A.

New Rule	Replaced or Withdrawn Rule	Explanation
Advertising Injury & Personal Injury – Increased Limit Adjustment – Pages 1.0 and 2.0 (Ed. 10/1/06)	New	This rule is new and provides the ability for the AI/PI limit to differ from the General Aggregate limit.

SECTION X – LIFE SCIENCES – PROGRAM 5

The following rule is being added in the existing Section X – Life Sciences – Program 5

New Rule	Replaced or Withdrawn Rule	Explanation
Arkansas Exceptions - Section X – Program 5 – Rule R1. Deductible For Indemnity and Deductible Expenses – Page 1.0 (Ed. 10/1/06)	New	This rule deletes the secondary factor in the generic Customary rule V.20-4.B. and C. for Life Sciences Program 5.

This Explanatory Memorandum is provided for informational purposes only and does not modify, limit or enlarge policy provisions.

**Chubb Group of Insurance Companies
Rates and Rating Rules Explanatory Memorandum
Revised Rate Pages**

Arkansas

Products/Completed Operations Table – 2.0

We have include a copy of the Customarq page **Products/Completed Operations Table – 2.0**. Recently, it was discovered that the state was incorrectly informed of this page’s withdrawal from the Customarq manual in a prior filing. Given that error, we are providing the page with its original edition date to insure that the state has this page on file. It should be noted that since the time of the incorrect withdrawal notice, no other Customarq **Products/Completed Operations Table – 2.0** page exists.

Railroad Protective Liability

We will be adopting the current ISO Railroad Protective Liability class codes: 40011, 40012, 40013, and 40014 and withdrawing the current Customarq (prior ISO class codes) Railroad Protective Liability class codes 40006 and 40007.

Class Code	Description	Replaces	Description
40011-00	Operations – Railroad NOC – Construction Operations – Operations Performed For Railroads	40007-00	Operations – Railroads (NOC)
40012-00	Operations – Railroad NOC – Construction Operations – Operations Performed For Interests Other Than Railroads	40007-00	Operations – Railroads (NOC)
40013-00	State or Federal Highway Projects	40007-00	State or Federal Highway Projects
40014-00	Operations involving no work within 50 feet of track on which railroad trains run or which involve no exposure to actual railroad train hazards (railroads)	40006-00	Operations involving no work within 50 feet of track on which railroad trains run or which involve no exposure to actual railroad train hazards (railroads)

Since there is a one-to-one relationship between the new and existing class codes and the basis of premium remains the same, per \$1,000 of Total Cost, this change will have no effect.

Employers’ Non-Owned Auto and Hire Car Supplementary 1.0

Currently there are no deductible options for our Employers’ Non-Owned Auto & Hired Car coverage. In this filing we are introducing the deductible option to the coverage. The table being used, PODD01, is an existing table in Customarq. It is the same table applied to the ISO class codes that reference the ISO Premises/Operations table 1.

Counseling and Teaching Services Professional Liability

- On page Section X – Program 20 – Professional Liability Rate Page 1.0 – we are revising the increased limits identification from CCIL54 to POIL04. It was recently discovered that the table CCIL54 was accidentally withdrawn during the re-write of another program in Customarq. To ensure the state has the table on hand we are replacing the CCIL54 table ID with the generic Chubb Independent table POIL04. Table POIL04 has the same factors as CCIL54.
- On page Section X – Program 20 – Professional Liability Rate Page 2.0 – we are revising the deductible identification from CCDD59 to PODD09. It was recently discovered that the table CCDD59 was accidentally withdrawn during the re-write of another program in Customarq. To ensure the state has the table on hand we are replacing the CCDD59 table ID with the generic Chubb Independent table PODD09. Table PODD09 has the same factors as CCDD59.

**Chubb Group of Insurance Companies
Rates and Rating Rules Explanatory Memorandum
Revised Rating Rules**

Arkansas

Listed below are new and revised rules that may have rating impact.

Section V.A. – Advertising Injury and Personal Injury Increased Limit Adjustment

Overview

When an insured opts for a limit which is different from the General Aggregate Limit for Advertising Injury (AI) and Personal Injury (PI), the Increased Limit Factor (ILF) will be adjusted as explained in the rule. No adjustment will apply in cases where the General Aggregate and the AI/PI limits are the same. However when the two limits differ, a modification to the ILF will be applied in proportion to the difference between the two limits, as shown below:

$$\text{ILF Adjustment Factor} = 0.83 + 0.17 \times (\text{ILF Ratio}),$$

where $\text{ILF Ratio} = (\text{AI \& PI Limit} / \text{General Aggregate Limit})^{0.19}$ --- (1)

$$\text{Final Adjusted ILF} = |\text{ILF} - 1.0| \times (\text{ILF Adjustment Factor} - 1.0) + \text{ILF} \quad \text{--- (2)}$$

Derivation

The factors from the Premises and Operations ILF Table 2 were selected as the basis for the adjustment factor. Table 2 is used for those insureds classified as medium risks, as indicated by ISO. Those factors for which the occurrence and aggregate limits were equal were selected as the ILF factors at the corresponding limit levels for the General Aggregate and AI/PI limits. The ratio of the AI/PI limit to the General Aggregate limit was found to be related to the ratio of the corresponding ILF values through the following approximation:

$$\begin{aligned} \text{ILF Ratio} &= (\text{ILF for AI/PI Limit} / \text{ILF for General Aggregate Limit}) \\ &\approx (\text{AI/PI Limit} / \text{General Aggregate Limit})^{0.19} \end{aligned}$$

For example, if the AI/PI limit is \$1M, and the General Aggregate limit is \$2M, the ILF ratio is $(1/2)^{0.19} = 0.8766$. This ILF ratio now needs to be applied to the AI/PI portion only. Since the loss distribution within the Premises and Operations coverage was found to be 83% BI/PD, 10% AI, and 7% PI, as specified in the currently approved rules V.1.A and V.2.A, the adjustment factor is calculated as shown in (1). Continuing the example, the ILF Adjustment factor is $0.83 + 0.17 \times 0.8766 = 0.979$. If the ILF for \$2M is 1.75, the Final Adjusted ILF will be $|1.75 - 1| \times (0.979 - 1) + 1.75 = 1.73$, which translates to a 1.1% discount on the ILF of 1.75.

V. 20 – 2. Deductible Basis

The factors for this rule remain the same as current. We are simply expanding this rule to coverages other than Premises/Operations and Products/Completed Operations. Also we are introducing a new option so that an insured can choose to convert a per-claim deductible to a per-event deductible if desired. The factors are simply reciprocals of the per-event to per-claim factors.

V. 20 – 4. Deductible for Indemnity and Deductible Expenses

Overview

The factors in this rule have been revised based on a recent actuarial analysis as explained in the derivation section below. The overall rate impact is estimated to be 0.4% at maximum. The reason we can only estimate the maximum overall change is because there is no easy way to identify policies written with this option due to our system limitation. Therefore we assumed that all the policies written from 1/1/2006 to 12/31/2006 had chosen this option, which gave us the estimated maximum overall change.

Derivation

In order to determine the value of the adjustment factors that would account for cases where the Allocated Loss Adjustment Expense (ALAE) is to be included within a deductible layer, six years worth of Monoline and Package Liability (excluding E&O coverage) indemnity and ALAE were capped at various deductible thresholds using an annual inflationary trend factor of 6% with the base year of 2004, as shown in Exhibit EM 1.

The goal is to figure out how much additional credit should be given to insureds if they choose to include ALAE (primarily defense cost) in their deductible layer. Therefore the indemnity and ALAE amount capped at a specified threshold (insured share where defense costs are included within the deductible layer) was compared to the indemnity only amount capped at the same threshold (insured share where defense costs are entirely paid by Chubb). The last column indicates the adjustment factors (additional credit) to be applied to the current deductible factors, which are the basis of the factors shown in V. 20-4. A.

In order to contemplate possible differences in the amount of ALAE in proportion to indemnity among different market segments, the ratio of ALAE to indemnity amount over 6 years (accident years 2000 to 2005) for each of the 2-digit SIC's was compared to the overall ratio to determine whether a certain market segment generates an ALAE amount in proportion to its indemnity amount that's significantly different from the overall average. We found that there are market segments that warrant an additional adjustment to the factors shown in V. 20-4. A. The final adjustment to the deductible factor is calculated as follows: $1 + (\text{factor from A} - 1) \times \text{factor from B}$. Note that the currently approved deductible factors for our Life Science program already incorporated the difference in the ALAE amount in proportion to indemnity, this additional adjustment will NOT be applied to any Life Science policies.

V. 20-6. Self-Insured Retentions

Since an insurer is generally not liable for claims under a self-insured retention (SIR) limit and does not handle those claims, there are savings associated with no credit risk and no claims handling below SIR that should be passed onto an insured. A business failure rate of 5%, which is incorporated by ISO in their deductible factor calculation (therefore Chubb's deductible factor calculation since we adopt the ISO's approach), and a claims handling cost of 9.6% (of loss and ALAE) that Chubb incurs in the lines of Monoline and Package Liability are used to derive an additional credit of $15\% = (1+0.096)/(1-0.05) - 1$. This additional credit will be applied to a deductible factor if an insured chooses a SIR instead of a deductible.

ALAE Option Analysis by Deductible Threshold

Accident Year	Threshold	Trended Capped Indemnity	Trended Capped Indem + ALAE	Insured Share of Defense Outside Limit	Insured Share of ALAE Within Limit	Within Limits	
						-----	-----
						Outside Limits	
2000	250	1,848,854	1,910,608	1,848,854	1,910,608		1.03
2001	250	1,297,198	1,352,570	1,297,198	1,352,570		1.04
2002	250	1,074,959	1,130,100	1,074,959	1,130,100		1.05
2003	250	1,105,949	1,151,178	1,105,949	1,151,178		1.04
2004	250	1,204,640	1,252,617	1,204,640	1,252,617		1.04
2005	250	833,226	866,031	833,226	866,031		1.04
Total				7,364,826	7,663,104		1.04
2000	500	3,486,086	3,622,563	3,486,086	3,622,563		1.04
2001	500	2,462,930	2,583,984	2,462,930	2,583,984		1.05
2002	500	2,042,800	2,163,645	2,042,800	2,163,645		1.06
2003	500	2,100,208	2,199,509	2,100,208	2,199,509		1.05
2004	500	2,277,635	2,380,754	2,277,635	2,380,754		1.05
2005	500	1,570,877	1,640,470	1,570,877	1,640,470		1.04
Total				13,940,536	14,590,925		1.05
2000	750	4,953,362	5,171,607	4,953,362	5,171,607		1.04
2001	750	3,525,140	3,721,511	3,525,140	3,721,511		1.06
2002	750	2,923,585	3,115,702	2,923,585	3,115,702		1.07
2003	750	3,010,124	3,167,827	3,010,124	3,167,827		1.05
2004	750	3,242,977	3,406,062	3,242,977	3,406,062		1.05
2005	750	2,237,202	2,345,624	2,237,202	2,345,624		1.05
Total				19,892,390	20,928,333		1.05
2000	1,000	6,282,731	6,589,513	6,282,731	6,589,513		1.05
2001	1,000	4,501,832	4,775,775	4,501,832	4,775,775		1.06
2002	1,000	3,737,741	4,000,528	3,737,741	4,000,528		1.07
2003	1,000	3,848,887	4,064,956	3,848,887	4,064,956		1.06
2004	1,000	4,129,371	4,348,062	4,129,371	4,348,062		1.05
2005	1,000	2,849,980	2,996,625	2,849,980	2,996,625		1.05
Total				25,350,542	26,775,459		1.06
2000	2,000	10,683,912	11,368,367	10,683,912	11,368,367		1.06
2001	2,000	7,799,271	8,395,155	7,799,271	8,395,155		1.08
2002	2,000	6,488,957	7,054,759	6,488,957	7,054,759		1.09
2003	2,000	6,716,133	7,174,175	6,716,133	7,174,175		1.07
2004	2,000	7,074,783	7,552,578	7,074,783	7,552,578		1.07
2005	2,000	4,914,235	5,220,028	4,914,235	5,220,028		1.06
Total				43,677,291	46,765,062		1.07
2000	3,000	14,260,355	15,358,159	14,260,355	15,358,159		1.08
2001	3,000	10,567,475	11,498,106	10,567,475	11,498,106		1.09
2002	3,000	8,847,675	9,709,205	8,847,675	9,709,205		1.10
2003	3,000	9,171,384	9,871,733	9,171,384	9,871,733		1.08
2004	3,000	9,561,422	10,292,531	9,561,422	10,292,531		1.08
2005	3,000	6,613,262	7,114,285	6,613,262	7,114,285		1.08
Total				59,021,573	63,844,019		1.08

ALAE Option Analysis by Deductible Threshold

Accident Year	Threshold	Trended Capped Indemnity	Trended Capped Indem + ALAE	Insured Share of Defense Outside Limit	Insured Share of ALAE Within Limit	Within Limits Outside Limits
2000	4,000	17,376,715	18,911,238	17,376,715	18,911,238	1.09
2001	4,000	13,046,035	14,336,830	13,046,035	14,336,830	1.10
2002	4,000	10,970,974	12,144,451	10,970,974	12,144,451	1.11
2003	4,000	11,388,153	12,347,980	11,388,153	12,347,980	1.08
2004	4,000	11,796,160	12,776,433	11,796,160	12,776,433	1.08
2005	4,000	8,106,196	8,755,942	8,106,196	8,755,942	1.08
Total				72,684,233	79,272,874	1.09
2000	5,000	20,218,503	22,201,950	20,218,503	22,201,950	1.10
2001	5,000	15,348,655	17,010,266	15,348,655	17,010,266	1.11
2002	5,000	12,922,439	14,412,172	12,922,439	14,412,172	1.12
2003	5,000	13,439,227	14,650,352	13,439,227	14,650,352	1.09
2004	5,000	13,876,512	15,096,936	13,876,512	15,096,936	1.09
2005	5,000	9,430,680	10,250,226	9,430,680	10,250,226	1.09
Total				85,236,016	93,621,902	1.10
2000	10,000	31,833,370	36,370,203	31,833,370	36,370,203	1.14
2001	10,000	24,952,878	28,735,972	24,952,878	28,735,972	1.15
2002	10,000	20,845,020	24,262,898	20,845,020	24,262,898	1.16
2003	10,000	21,625,561	24,410,387	21,625,561	24,410,387	1.13
2004	10,000	22,159,090	24,820,957	22,159,090	24,820,957	1.12
2005	10,000	14,256,292	15,998,890	14,256,292	15,998,890	1.12
Total				135,672,211	154,599,307	1.14
2000	15,000	40,690,113	48,026,693	40,690,113	48,026,693	1.18
2001	15,000	32,597,010	38,702,342	32,597,010	38,702,342	1.19
2002	15,000	26,849,164	32,415,235	26,849,164	32,415,235	1.21
2003	15,000	27,833,553	32,294,486	27,833,553	32,294,486	1.16
2004	15,000	28,177,086	32,476,438	28,177,086	32,476,438	1.15
2005	15,000	17,094,580	19,737,054	17,094,580	19,737,054	1.15
Total				173,241,506	203,652,248	1.18
2000	20,000	47,898,548	58,058,518	47,898,548	58,058,518	1.21
2001	20,000	39,142,774	47,623,409	39,142,774	47,623,409	1.22
2002	20,000	31,938,996	39,482,579	31,938,996	39,482,579	1.24
2003	20,000	33,020,375	39,027,358	33,020,375	39,027,358	1.18
2004	20,000	33,047,543	38,650,982	33,047,543	38,650,982	1.17
2005	20,000	19,176,502	22,360,347	19,176,502	22,360,347	1.17
Total				204,224,738	245,203,193	1.20
2000	25,000	54,182,515	67,037,034	54,182,515	67,037,034	1.24
2001	25,000	44,937,009	55,664,880	44,937,009	55,664,880	1.24
2002	25,000	36,447,901	45,871,123	36,447,901	45,871,123	1.26
2003	25,000	37,507,674	44,972,189	37,507,674	44,972,189	1.20
2004	25,000	37,187,987	43,924,518	37,187,987	43,924,518	1.18
2005	25,000	20,734,015	24,406,462	20,734,015	24,406,462	1.18
Total				230,997,101	281,876,206	1.22

ALAE Option Analysis by Deductible Threshold

Accident Year	Threshold	Trended Capped Indemnity	Trended Capped Indem + ALAE	Insured Share of Defense Outside Limit	Insured Share of ALAE Within Limit	Within Limits ----- Outside Limits
2000	50,000	77,618,325	101,686,378	77,618,325	101,686,378	1.31
2001	50,000	67,084,908	87,317,527	67,084,908	87,317,527	1.30
2002	50,000	52,837,416	70,072,490	52,837,416	70,072,490	1.33
2003	50,000	53,225,502	67,336,516	53,225,502	67,336,516	1.27
2004	50,000	52,010,185	62,612,702	52,010,185	62,612,702	1.20
2005	50,000	25,208,547	30,216,398	25,208,547	30,216,398	1.20
Total				327,984,883	419,242,011	1.28
2000	100,000	106,510,162	144,889,244	106,510,162	144,889,244	1.36
2001	100,000	95,721,296	127,932,035	95,721,296	127,932,035	1.34
2002	100,000	72,672,865	99,936,352	72,672,865	99,936,352	1.38
2003	100,000	72,133,899	93,782,094	72,133,899	93,782,094	1.30
2004	100,000	69,112,423	85,503,942	69,112,423	85,503,942	1.24
2005	100,000	29,341,688	35,693,958	29,341,688	35,693,958	1.22
Total				445,492,333	587,737,625	1.32
2000	250,000	149,332,208	206,444,814	149,332,208	206,444,814	1.38
2001	250,000	141,344,900	191,707,207	141,344,900	191,707,207	1.36
2002	250,000	101,276,546	143,403,696	101,276,546	143,403,696	1.42
2003	250,000	99,169,974	132,107,062	99,169,974	132,107,062	1.33
2004	250,000	91,161,209	115,532,272	91,161,209	115,532,272	1.27
2005	250,000	33,903,602	41,824,684	33,903,602	41,824,684	1.23
Total				616,188,439	831,019,735	1.35
2000	500,000	183,863,016	253,626,034	183,863,016	253,626,034	1.38
2001	500,000	178,188,515	242,664,377	178,188,515	242,664,377	1.36
2002	500,000	122,697,787	175,049,678	122,697,787	175,049,678	1.43
2003	500,000	119,448,766	158,003,176	119,448,766	158,003,176	1.32
2004	500,000	106,960,940	134,400,505	106,960,940	134,400,505	1.26
2005	500,000	36,729,074	45,072,045	36,729,074	45,072,045	1.23
Total				747,888,098	1,008,815,815	1.35
2000	1,000,000	218,718,532	300,590,843	218,718,532	300,590,843	1.37
2001	1,000,000	213,503,151	288,797,037	213,503,151	288,797,037	1.35
2002	1,000,000	143,157,467	201,931,704	143,157,467	201,931,704	1.41
2003	1,000,000	139,393,634	181,880,258	139,393,634	181,880,258	1.30
2004	1,000,000	121,990,367	150,774,043	121,990,367	150,774,043	1.24
2005	1,000,000	40,229,271	48,904,131	40,229,271	48,904,131	1.22
Total				876,992,422	1,172,878,016	1.34

V.19. DAMAGE TO YOUR ELECTRONIC PRODUCTS

For details of coverage, refer to the policy.

A. Rules

1. Additional interests cannot be added to this coverage.
2. Basic limits rates reflect the following limits:
\$100,000 each claim limit
\$100,000 aggregate limit

B. Minimum Premium

The minimum premium is \$500 for a limit of up to \$1,000,000 plus \$250 for each \$1,000,000 of limit in excess of \$1,000,000.

C. Premium Determination

Refer to rule IV.3. to compute premium.

V.19. DAMAGE TO YOUR ELECTRONIC PRODUCTS

For details of coverage, refer to the policy.

A. Rules

1. Additional interests cannot be added to this coverage.
2. Basic limits rates reflect the following limits:
\$100,000 each claim limit
\$100,000 aggregate limit

B. Minimum Premium

The minimum premium is \$500 for a limit of up to \$1,000,000 plus \$250 for each \$1,000,000 of limit in excess of \$1,000,000.

C. Premium Determination

Refer to rule IV.3. to compute premium.

V.20. DEDUCTIBLES LIABILITY - RATE ADJUSTMENT CALCULATION

For details of coverage, refer to the policy.

A. Rules

1. If the deductible applies to Advertising Injury (AI) or Personal Injury (PI) then refer to Special Rules for Advertising Injury and Personal Injury in rule V.20-1. Use the results from rule V.20-1 as the results in 3. below.
2. Refer to the Supplementary Rating Information Table for the appropriate coverage to determine the applicable Deductible Tables.
3. Determine the Deductible Adjustment Amount from the appropriate table determined in 2. above.
4. The Deductible Adjustment Amount determined in 3. above is subject to modifications to reflect the various deductible options. Refer to the appropriate deductible rule to determine the various Deductible Adjustment Amount modifications. Apply these modifications to the Deductible Adjustment Amount determined in 3. above. The modifications are applied cumulatively.

B. Premium Determination

Refer to rule IV.3. to compute premium.

Rule V.20 moved to Page 6.1

V.19. DAMAGE TO YOUR ELECTRONIC PRODUCTS

For details of coverage, refer to the policy.

A. Rules

- 1. Additional interests cannot be added to this coverage.
- 2. Basic limits rates reflect the following limits:
 \$100,000 each claim limit
 \$100,000 aggregate limit

B. Minimum Premium

The minimum premium is \$500 for a limit of up to \$1,000,000 plus \$250 for each \$1,000,000 of limit in excess of \$1,000,000.

C. Premium Determination

Refer to rule IV.3. to compute premium.

V.20. DEDUCTIBLES LIABILITY - RATE ADJUSTMENT CALCULATION

For details of coverage, refer to the policy.

A. Rules

- 1. If the deductible applies to Advertising Injury (AI) or Personal Injury (PI) then refer to Special Rules for Advertising Injury and Personal Injury in rule V.20-1. Use the results from rule V.20-1 as the results in 3. below.
- 2. Refer to the Supplementary Rating Information Table for the appropriate coverage to determine the applicable Deductible Tables.
- 3. Determine the Deductible Adjustment Amount from the appropriate table determined in 2. above.

4. The Deductible Adjustment Amount determined in 3. above is subject to modifications to reflect the various deductible options. Refer to the appropriate deductible rule to determine the various Deductible Adjustment Amount modifications. Apply these modifications to the Deductible Adjustment Amount determined in 3. above. The modifications are applied cumulatively.

B. Premium Determination

Refer to rule IV.3. to compute premium.

Rule 4.00 now located on Page 6.1

V.20. DEDUCTIBLES LIABILITY - RATE ADJUSTMENT CALCULATION

For details of coverage, refer to the policy.

A. Rules

- 1. If the deductible applies to Advertising Injury (AI) or Personal Injury (PI) then refer to Special Rules for Advertising Injury and Personal Injury in rule V.20-1. Use the results from rule V.20-1 as the results in 3. below.
- 2. Refer to the Supplementary Rating Information Table for the appropriate coverage to determine the applicable Deductible Tables.
- 3. Determine the Deductible Adjustment Amount from the appropriate table determined in 2. above.
- 4. Deductible amounts in excess of \$100,000, or otherwise not specified in deductible table, may be (a) rated.
- 5. The Deductible Adjustment Amount determined in 3. above is subject to modifications to reflect the various deductible options. Refer to the appropriate deductible rule to determine the various Deductible Adjustment Amount modifications. Apply these modifications to the Deductible Adjustment Amount determined in 3. above. The modifications are applied cumulatively.

B. Premium Determination

Refer to rule IV.3. to compute premium.

V.20-2. DEDUCTIBLE - PER CLAIM

For details of coverage, refer to the policy.

If the deductible is applied to each claim, multiply the Deductible Adjustment Amount determined in rule V.20. by Per Occurrence-to-Per Claim Deductible Factor. The Per Occurrence-to-Per Claim Deductible Factor is determined as follows:

A. For Premises/Operations and Products - Completed Operations

The Per Occurrence-to-Per Claim Deductible is determined from the table below.

Deductible Amount	Per Occurrence-to-Per Claim Deductible Factor	
	Premises/Operations	Products/Completed Operations
250	1.23	1.12
500	1.22	1.12
750	1.21	1.12
1,000	1.21	1.12
2,000	1.20	1.11
3,000	1.19	1.11
4,000	1.18	1.11
5,000	1.17	1.11
10,000	1.14	1.11
15,000	1.12	1.11
20,000	1.10	1.11
25,000	1.09	1.11
50,000	1.07	1.10
100,000	1.06	1.06
250,000	1.04	1.04
500,000	1.03	1.04
1,000,000	1.015	1.04

B. For all other coverages

The Per Occurrence-to-Per Claim Deductible Factor is 1.00.

V.20-2. DEDUCTIBLE BASIS

For details of coverage, refer to the policy.

A. If the deductible is modified from Each Event / Each Occurrence to Each Claim, multiply the Deductible Adjustment Amount determined in rule V.20. by Each Event-to-Each Claim or Each Occurrence-to-Each Claim Deductible Factor determined from the table below.

Deductible Amount	Each Event-to-Each Claim or Each Occurrence-to-Each Claim Deductible Factor	
	Coverages other than Products/Completed Operations	Products/Completed Operations
250	1.23	1.12
500	1.22	1.12
750	1.21	1.12
1,000	1.21	1.12
2,000	1.20	1.11
3,000	1.19	1.11
4,000	1.18	1.11
5,000	1.17	1.11
10,000	1.14	1.11
15,000	1.12	1.11
20,000	1.10	1.11
25,000	1.09	1.11
50,000	1.07	1.10
100,000	1.06	1.06
250,000	1.04	1.04
500,000	1.03	1.04
1,000,000	1.015	1.04

B. If the deductible is modified from Each Claim to Each Event, multiply the Deductible Adjustment Amount determined in rule V.20, by Each Claim-to-Each Event Deductible Factor determined from the table below.

Deductible Amount	Each Claim to-Each Event Deductible Factor
250	0.81
500	0.82
750	0.83
1,000	0.83
2,000	0.83
3,000	0.84
4,000	0.85
5,000	0.85
10,000	0.88
15,000	0.89
20,000	0.91
25,000	0.92
50,000	0.93
100,000	0.94
250,000	0.96
500,000	0.97
1,000,000	0.99

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V.20-3. BATCH DEDUCTIBLE - THIS RULE HAS BEEN DELETED

V.20-3. BATCH DEDUCTIBLE

For details of coverage, refer to the policy.

If the deductible is applied to batches and lots, multiply the Deductible Adjustment Amount determined in rule V.20. by 0.95. This rule only applies to Products and Completed-Operations.

V.20-4. DEDUCTIBLE FOR INDEMNITY AND SUPPLEMENTARY PAYMENTS

For details of coverage, refer to the policy.

If the deductible is to be applied to Supplementary Payments, multiply the Deductible Adjustment Amount determined in rule V.20. by the appropriate factor from the table below. This rule only applies to Premises/Operations and Products - Completed Operations.

Deductible Amount	Factor
250	1.20
500	1.20
750	1.20
1,000	1.20
2,000	1.20
3,000	1.20
4,000	1.20
5,000	1.20
10,000	1.23
15,000	1.25
20,000	1.26
25,000	1.27
50,000	1.28
100,000	1.40
250,000	1.47
500,000	1.50
1,000,000	1.53

For values not shown, interpolation is permitted.

Rule V.20-4 now located on Page 9.1

V.20-3. BATCH DEDUCTIBLE

For details of coverage, refer to the policy.

If the deductible is applied to batches and lots, multiply the Deductible Adjustment Amount determined in rule V.20. by 0.95. This rule only applies to Products and Completed-Operations.

V.20-4. DEDUCTIBLE FOR INDEMNITY AND SUPPLEMENTARY PAYMENTS

For details of coverage, refer to the policy.

If the deductible is to be applied to Supplementary Payments, multiply the Deductible Adjustment Amount determined in rule V.20. by the appropriate factor from the table below. This rule only applies to Premises/Operations and Products - Completed Operations.

Deductible Amount	Factor
250	1.20
500	1.20
750	1.20
1,000	1.20
2,000	1.20
3,000	1.20
4,000	1.20
5,000	1.20
10,000	1.23
15,000	1.25
20,000	1.26
25,000	1.27
50,000	1.28
100,000	1.40
250,000	1.47
500,000	1.50
1,000,000	1.53

For values not shown, interpolation is permitted.

V.20-4. DEDUCTIBLE FOR INDEMNITY AND DEDUCTIBLE EXPENSES

For details of coverage, refer to the policy.

A. If the deductible is to be applied to Deductible Expenses, multiply the Deductible Adjustment Amount determined in rule V.20 by the appropriate factor from the table below. This rule only applies to Premises/Operations and Products - Completed Operations.

Deductible Amount	Factor
250	1.04
500	1.05
750	1.06
1,000	1.07
2,000	1.08
3,000	1.09
4,000	1.10
5,000	1.11
10,000	1.14
15,000	1.18
20,000	1.20
25,000	1.22
50,000	1.28
100,000	1.32
250,000	1.33
500,000	1.34
1,000,000	1.35

For values not shown, interpolation is permitted.

B. From the table below, determine the second adjustment factor by using the first two digits of the risk's Standard Industrial Classification (SIC) code.

1 st Two Digits of SIC Code	SIC Group Description	Selected Adj. Factor
28	Chemical and Allied Products	1.075
38	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks	1.075
48	Communications	1.075
56	Apparel and Accessory Stores	1.075
61	Non-depository Credit Institutions	1.075
67	Holding and Other Investment Offices	1.075
73	Business Services	1.075
78	Motion Pictures	1.075
13	Oil and Gas Extraction	1.050
36	Electronic Equipment other than Computers	1.050
49	Electrical, Gas and Sanitary Services	1.050
51	Wholesale Trade – Nondurable Goods	1.050
58	Eating and Drinking Places	1.050
62	Security and Commodity Brokers, Dealers, Exchanges, and Services	1.050
63	Insurance Carriers	1.050
82	Educational Services	1.050
86	Membership Organizations	1.050
26	Paper and Allied Products	0.950
33	Primary Metal Industries	0.950
42	Motor Freight Transportation and Warehousing	0.950
83	Social Services	0.950
84	Museums, Art Galleries, and Botanical and Zoological Gardens	0.950
32	Stone, Clay, Glass and Concrete Products	0.925
54	Food Stores	0.925
72	Personal Services	0.925
75	Automotive Repair, Services and Parking	0.925
81	Legal Services	0.925

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80	Health Services	0.875
87	Engineering, Accounting, Research, Management, and Related Services	0.875
01	Agriculture Production - Crops	1.000
02	Agriculture Production - Livestock and Animal Specialties	1.000
07	Agricultural Services	1.000
08	Forestry	1.000
09	Fishing, Hunting and Trapping	1.000
10	Metal Mining	1.000
12	Coal Mining	1.000
14	Mining and Quarrying of Nonmetallic Minerals, Except Fuels	1.000
15	Building Construction - General Contractors and Operative Builders	1.000
16	Heavy Construction Other Than Building Construction -- Contractors	1.000
17	Construction - Special Trade Contractors	1.000
20	Food and Kindred Products	1.000
21	Tobacco Products	1.000
22	Textile Mill Products	1.000
23	Apparel and Other Finished Products Made From Fabrics and Similar Materials	1.000
24	Lumber and Wood Products, Except Furniture	1.000
25	Furniture and Fixtures	1.000
27	Printing, Publishing, and Applied Industries	1.000
29	Petroleum Refining and Related Industries	1.000
30	Rubber and Miscellaneous Plastics Products	1.000
31	Leather and Leather Products	1.000
34	Fabricated Metal Products, Except Machinery and Transportation Equipment	1.000
35	Industrial and Commercial Machinery and Computer Equipment	1.000
37	Transportation Equipment	1.000
39	Miscellaneous Manufacturing Industries	1.000

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40	Railroad Transportation	1,000
41	Local and Suburban Transit and Interurban Highway Passenger Transportation	1,000
43	United States Postal Service	1,000
44	Water Transportation	1,000
45	Transportation By Air	1,000
46	Pipelines, Except Natural Gas	1,000
47	Transportation Services	1,000
50	Wholesale Trade - Durable Goods	1,000
52	Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	1,000
53	General Merchandise Stores	1,000
55	Automotive Dealers and Gasoline Service Stations	1,000
57	Home Furniture, Furnishings, and Equipment Stores	1,000
59	Miscellaneous Retail	1,000
60	Depository Institutions	1,000
64	Insurance Agents, Brokers, and Service	1,000
65	Real Estate	1,000
70	Hotels, Rooming Houses, Camps, and Other Lodging Places	1,000
76	Miscellaneous Repair Services	1,000
79	Amusement and Recreational Services	1,000
88	Private Households	1,000
89	Services, Not Elsewhere Classified	1,000
91	Executive, Legislative, and General Government, Except Finance	1,000
92	Justice, Public Order and Safety	1,000
93	Public Finance, Taxation, and Monetary Policy	1,000
94	Administration of Human Resource Programs	1,000
95	Administration of Environmental Quality and Housing Programs	1,000
96	Administration of Economic Programs	1,000
97	National Security and International Affairs	1,000

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- C. Determine the combined adjustment factor as follows:
1. Subtract 1.00 from the factor determined in A. above.
 2. Multiply the result of C1. by the factor determined in B. above.
 3. Add the result of C2. to 1.000.

This page is new

V.20-5. AGGREGATE DEDUCTIBLE

For details of coverage, refer to the policy.

If there is an Aggregate Deductible, multiply the Deductible Adjustment Amount determined in rule V.20. by the Aggregate Deductible factor from the table below.

Ratio of Aggregate Deductible to Deductible	Aggregate Deductible Factor
1.0	0.50
2.0	0.60
2.5	0.65
3.0	0.70
4.0	0.80
5.0	0.85
10.0	0.90
20.0	0.95
No Aggregate	1.00

V.20-5. AGGREGATE DEDUCTIBLE

For details of coverage, refer to the policy.

1. If there is an Aggregate Deductible, determine the highest deductible amount of the Premises-Operations or Products-Completed Operations BI or PD deductible or the AI or PI deductible. If these deductibles are not applicable, determine the highest deductible amount of the other coverages.

2. Multiply the Deductible Adjustment Amount determined in rule V.20. by the Aggregate Deductible factor from the table below.

Ratio of Aggregate Deductible to Deductible	Aggregate Deductible Factor
1.0	0.50
2.0	0.60
2.5	0.65
3.0	0.70
4.0	0.80
5.0	0.85
10.0	0.90
20.0	0.95
No Aggregate	1.00

V.21. DEFENSE - EXCLUDED PRODUCTS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the Products-Completed Operations rate is 1.010.

B. Premium Determination

Refer to the rule IV.3. to compute premium.

V.22. DEFENSE OUTSIDE LIMITS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the appropriate Errors and Omissions Rate is 1.150.

B. Premium Determination

Refer to rule IV.3. to compute premium.

*Rule V.21 is now located on Page 10.2
Rule V.22 is now located on Page 10.3*

V.20-6.

SELF-INSURED RETENTIONS

For details of coverage, refer to the policy.

The self-insured retention adjustment amount is to multiply the Deductible Adjustment Amount determined in rule V.20. by the relativity factor of 1.15.

This page is new.

V.20-5. AGGREGATE DEDUCTIBLE

For details of coverage, refer to the policy.

If there is an Aggregate Deductible, multiply the Deductible Adjustment Amount determined in rule V.20. by the Aggregate Deductible factor from the table below.

Ratio of Aggregate Deductible to Deductible	Aggregate Deductible Factor
1.0	0.50
2.0	0.60
2.5	0.65
3.0	0.70
4.0	0.80
5.0	0.85
10.0	0.90
20.0	0.95
No Aggregate	1.00

V.21. DEFENSE - EXCLUDED PRODUCTS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the Products-Completed Operations rate is 1.010.

B. Premium Determination

Refer to the rule IV.3. to compute premium.

V.22. DEFENSE OUTSIDE LIMITS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the appropriate Errors and Omissions Rate is 1.150.

B. Premium Determination

Refer to rule IV.3. to compute premium.

*Rule V.20-5. located on Page 10.0
Rule V.22 is now located on Page 10.2*

V.21. DEFENSE - EXCLUDED PRODUCTS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the Products-Completed Operations rate is 1.010.

B. Premium Determination

Refer to the rule IV.3. to compute premium.

V.20-5. AGGREGATE DEDUCTIBLE

For details of coverage, refer to the policy.

If there is an Aggregate Deductible, multiply the Deductible Adjustment Amount determined in rule V.20. by the Aggregate Deductible factor from the table below.

Ratio of Aggregate Deductible to Deductible	Aggregate Deductible Factor
1.0	0.50
2.0	0.60
2.5	0.65
3.0	0.70
4.0	0.80
5.0	0.85
10.0	0.90
20.0	0.95
No Aggregate	1.00

V.21. DEFENSE - EXCLUDED PRODUCTS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the Products-Completed Operations rate is 1.010.

B. Premium Determination

Refer to the rule IV.3. to compute premium.

V.22. DEFENSE OUTSIDE LIMITS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the appropriate Errors and Omissions Rate is 1.150.

B. Premium Determination

Refer to rule IV.3. to compute premium.

*Rule V.20-5 is located on Page 10.0
Rule V.21 is now located on Page 10.2*

V.22. DEFENSE OUTSIDE LIMITS

For details of coverage, refer to the policy.

A. Adjustments to the Rate

The Adjustment Factor applicable to the appropriate Errors and Omissions Rate is 1.150.

B. Premium Determination

Refer to rule IV.3. to compute premium.



C H U B B

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Re: **SERFF File No. CHUB-125191892**
Your File No. AR-PC-024951
CUSTOMARQ Series
Filing No. 07-CMQ-15-RR

Federal Insurance Company
Pacific Indemnity Company
Great Northern Insurance Company
Vigilant Insurance Company

Dear Ms. Roberts:

In response to your Objection Letter of June 28, 2007 concerning the above captioned filing, enclosed is a copy of the previously approved manual page identified as Arkansas Exceptions, Section XV - Page 6.0 (Ed. 6/9/98). Please refer to the highlighted Rule XV.6.A which states that an individual risk filing will be made for each classification or coverage that is (a) rated in Arkansas.

I trust this responds to your concerns and places you in a position to approve our filing. If additional information is needed or if I can be of further assistance, please do not hesitate to contact me;

Very truly yours,
Chubb & Son
A division of Federal Insurance Company
Manager

By: *Jane G. Gutman*
Jane G. Gutman
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B. Rating Exposure

Limit of Insurance in hundreds.

C. Premium Determination

Refer to rule I.9. to compute premium.

D. Add the following rule:

INDIVIDUAL RISK FILINGS

For each coverage that is "consent-to-rate" or "refer to company" rated, file an individual risk filing with the Arkansas Insurance Department.

XV.4. Exceptions to Section III. - Crime

None

XV.5. Exceptions to Section IV. - Liability Coverages - Exposure Base, Classification, Rate and Premium Determination

None

XV.6. Exceptions to Section V. - Liability Coverages - Rules

A. Add the following paragraph to rule V.70.

C. For each classification or coverage that is:

1. "a" rated or,
2. "refer to company" rated or,
3. "consent-to-rate" rated,

file an individual risk filing with the Arkansas Insurance Department.

B. Delete rule V.71.C. and replace it with:

C. Retroactive Date

Once established, a Retroactive Date may only be changed with the written consent of the first named insured and only if:

1. There is a change in insurer other than another insurer within the Chubb Group of Insurance Companies;
2. There is a substantial change in the insured's operations which would have materially affected our acceptance or declination of the risk; or
3. The first named insured requests the change.