

Filing at a Glance

Company: Arch Insurance Company

Product Name: ESIP Commercial Property SERFF Tr Num: REGU-125260246 State: Arkansas

Loss Cost Multiplier Revision

TOI: 01.0 Property

SERFF Status: Closed

State Tr Num: AR-PC-07-025780

Sub-TOI: 01.0001 Commercial Property (Fire
and Allied Lines)

Co Tr Num: ARCH-07-151

State Status:

Filing Type: Rate

Co Status:

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

Author: Joanne Sullivan

Disposition Date: 08-14-2007

Date Submitted: 08-13-2007

Disposition Status: Exempt from
Review

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

Effective Date (New): 09-01-2007

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

Effective Date (Renewal): 09-01-
2007

General Information

Project Name:

Status of Filing in Domicile: Authorized

Project Number: ARCH-07-151

Domicile Status Comments:

Reference Organization: ISO

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08-14-2007

State Status Changed: 08-14-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Arch Insurance Company (AIC), a subscriber of Insurance Services Office (ISO), is revising its current Commercial Property Loss Cost Multiplier (LCM) for its Emergency Services Insurance Program (ESIP). ESIP was designed to service the insurance needs of Fire Departments, Volunteer Ambulance Corps, and similar risks. ESIPs LCM will change as follows:

Coverage	Current LCM	Proposed LCM	LCM % Change
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Property	1.280	1.520	18.8%
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The rates will be the combination of ISOs loss costs and the loss cost multipliers shown on the attached Summary of Information Forms.

In 2003, Arch filed revisions to its LCM for its business in general, but retained its old LCM for ESIP. The purpose of this

filing is to again make the ESIP LCM the same as the Arch LCM in general.

No changes were necessary to our manual exception pages, which, for the LCM refer to the otherwise applicable Division Five Commercial Property Rules.

Company and Contact

Filing Contact Information

Joanne Sullivan, joannesullivan@ircllc.com
50 Broad Street (212) 571-3989 [Phone]
New York, NY 10004 ()-[FAX]

Filing Company Information

Arch Insurance Company CoCode: 11150 State of Domicile: Missouri
One Liberty Plaza Group Code: 1279 Company Type: P&C
53rd Floor
New York, NY 10006 Group Name: Arch Capital State ID Number:
(212) 651-9863 ext. [Phone] FEIN Number: 43-0990710

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: AR fee is \$100.00 rate/rule
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Arch Insurance Company	\$100.00	08-13-2007	15079909

State Specific

Check_No: EFT
Check_Amt: \$100.00
Check_Rec: EFT

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	08-14-2007	08-14-2007

Disposition

Disposition Date: 08-14-2007

Effective Date (New): 09-01-2007

Effective Date (Renewal): 09-01-2007

Status: Exempt from Review

Comment: Per Arkansas Code 23-67-206: Property and casualty insurance for commercial risk, excluding workers compensation, employers liability, and professional liability insurance are exempted from rate and rule filing and review.

(see actual code site for details)

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:
Arch Insurance Company	18.800%	\$2,384	6	\$12,712	18.800%	18.800%	0.000%

Created by SERFF on 08-14-2007 09:54 AM

Item Type	Item Name	Item Status	Public Access
Supporting Document	Reference Filing Adoption Form	Accepted for Informational Purposes	Yes
Supporting Document	Filing Memo	Accepted for Informational Purposes	Yes
Supporting Document	Authorization Letter	Accepted for Informational Purposes	Yes

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

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:
Arch Insurance Company	18.800%	\$2,384	6	\$12,712	18.800%	18.800%	0.000%

Supporting Document Schedules

Satisfied -Name: Reference Filing Adoption Form	Review Status: Accepted for Informational Purposes	08-14-2007
Comments:		
Attachment: AR Reference Filing Adoption Form.pdf		
Satisfied -Name: Filing Memo	Review Status: Accepted for Informational Purposes	08-14-2007
Comments:		
Attachment: Filing Memo Property.pdf		
Satisfied -Name: Authorization Letter	Review Status: Accepted for Informational Purposes	08-14-2007
Comments:		
Attachment: Authorization Letter.pdf		

**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS REFERENCE
FILING ADOPTION FORM**

Page 1 of 3

1. Insurer Name Arch Insurance Company
 Address One Liberty Plaza
New York, NY 10006

Person Responsible for Filing Joanne Sullivan, Insurance Regulatory Consultants

Title Analyst Telephone No. (212) 571-3989

2. Insurer NAIC No. 11150 Group No. 1279

3. Line of Insurance ESIP Commercial Fire/Allied Lines

4. Advisory Organization Insurance Services Office, Inc.,

5. Advisory Organization Reference Filing No. CF-2005-RLA1

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. Proposed Rate Level Change 18.8% % Effective Date 9/1/07

8. Prior Rate Level Change N/A % Effective Date N/A

9. Attach "Summary of Supporting Information Form"
 (Use a separate Summary for each insurer-selected loss cost multiplier.)

10. Check one of the following:

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

() The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

Insurer Name: Arch Insurance Company
NAIC No.: 11150

Date: 8/13/07
Group No. 1279

**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
SUMMARY OF SUPPORTING INFORMATION FORM
CALCULATION OF COMPANY LOSS COST MULTIPLIER**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:
ESIP Commercial Fire/Allied Lines
2. Loss Cost Modification:
 - A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
(Check One)
 - () Without modification (factor = 1.000)
 - () With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

B. Loss Cost Modification Expressed as a Factor: (See Example Below.) 1.000

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3-7 BELOW.

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions
A. Total Production Expense	<u>19.6%</u>
B. General Expense	<u>6.9%</u>
C. Taxes, Licenses & Fees	<u>3.30%</u>
D. Underwriting Profit & Contingencies*	<u>5.00%</u>
E. Other (explain)(Investment Income)	<u>-0.8%</u>
F. TOTAL	<u>34.0%</u>

* Explain how investment income is taken into account.

*** Investment Income is displayed and included in the Total, see E. Other.**

4. A. Expected Loss Ratio: $ELR = 100\% - 3F=A$. 66.0%
B. ELR in decimal form = 0.660

5. Company Formula Loss Cost Multiplier: (2B divided by 4B) = 1.520

6. Company Selected Loss Cost Multiplier = 1.520
Explain any differences between 5 and 6:

7. Rate level change for the coverages to which this page applies: 18.8%

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used

**ARCH INSURANCE COMPANY
COMMERCIAL PROPERTY**

FILING MEMORANDUM

Arch Insurance Company is filing to revise its Commercial Property loss cost multiplier (LCM) for its Emergency Services Insurance Program (ESIP). ESIP was designed to service the insurance needs of Fire Departments, Volunteer Ambulance Corps, and similar risks. This LCM will be applied to ISO's loss costs to determine final rates.

In 2003, Arch filed revisions to its LCM for its business in general, but retained its old LCM for ESIP. The purpose of this filing is to again make the ESIP LCM the same as Arch LCM in general.

While Arch has some historical expense experience countrywide, Arch relied primarily on industry statistics and used the following information in determining the LCM.

- Production Expenses (Commission and Other Acquisition) - Insurance Services Office (ISO) Expense and Tax Circular data for agency writers.
- General Expense - Insurance Services Office (ISO) Expense and Tax Circular data for agency writers.
- Taxes, Licenses and Fees – state tax information from ISO Tax Circular

ARCH INSURANCE COMPANY

LETTER OF FILING AUTHORIZATION

This will certify that Insurance Regulatory Consultants, LLC (IRC) has been given full authorization to submit the captioned filing below on behalf of Arch Insurance Company. This authorization extends to all correspondence regarding this filing.

Carol Kennedy
Name

August, 2007
Date

Vice President
Title

Arch Insurance Company
Company


Signature

(212) 651-9863
Telephone Number

**Re: Arch Insurance Company FEIN # 43-0990710
NAIC Number: 1279-11150
Commercial Fire/Allied Lines
Emergency Services Insurance Program
Revision of Loss Cost Multipliers**