

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: Liability	SERFF Tr Num: ARKS-125415419	State: Arkansas
TOI: 17.0 Other Liability - Claims Made/Occurrence	SERFF Status: Closed	State Tr Num: #99826 \$50
Sub-TOI: 17.0020 Commercial Umbrella & Excess	Co Tr Num: CU 2007-REPRU	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding
	Author:	Disposition Date: 12/18/2007
	Date Submitted: 01/04/2008	Disposition Status: Filed
Effective Date Requested (New):		Effective Date (New):
Effective Date Requested (Renewal):		Effective Date (Renewal):
State Filing Description:		

## General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 01/29/2008	
State Status Changed: 01/29/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

## Company and Contact

### Filing Contact Information

NA NA,	NA@NA.com
NA	(123) 555-4567 [Phone]

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

NA, AR 00000

**Filing Company Information**

00006 - INSURANCE SERVICES OFFICE, CoCode: 6 State of Domicile: Arkansas  
INC.  
No Address Group Code: Company Type:  
City, AR 99999 Group Name: State ID Number:  
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999  
-----

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	01/29/2008	01/29/2008

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Disposition

Disposition Date: 12/18/2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	ARKS-125415419		No

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125415419 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #99826 \$50  
Company Tracking Number: CU 2007-REPRU  
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0020 Commercial Umbrella & Excess  
Product Name: Liability  
Project Name/Number: /

## Supporting Document Schedules

### Review Status:

**Satisfied -Name:** ARKS-125415419

01/29/2008

**Comments:**

**Attachment:**

ARKS-125415419.pdf

~~AR PC 09 0266816~~

ER

ARKS-125415419

OK 99826  
50.00



2828 EAST TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006  
TEL: (214) 390-1825 FAX: (214) 390-1975

re-log as SERFF  
return to ER

December 12, 2007

Honorable Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

**FILED**

Dec 18 2007

**PROPERTY AND CASUALTY  
ARKANSAS INSURANCE DEPT.**

Attention: William R. Lacy, Director  
Property and Casualty Division

RE: Insurance Services Office, Inc.  
CU 2007-REPRU  
Division Thirteen - Commercial Liability Umbrella  
Multistate Rules Revised  
**REFERENCE FILING**  
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for Commercial Liability Umbrella rules revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of September 2008, or the earliest possible subsequent date following your acknowledgement.

Companion forms filing CU 2007-OEPFR is also submitted today under separate cover.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

Donald J. Beckel, CPCU, ARM  
Assistant Regional Manager

DJB:db  
Encl.

**RECEIVED**

DEC 18 2007

**PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT**

**Property & Casualty Transmittal Document**

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>
	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

<b>3. Group Name</b>	<b>Group NAIC #</b>

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Insurance Services Office, Inc.	DE		13-3131412	

<b>5. Company Tracking Number</b>	CU-2007-REPRU
-----------------------------------	---------------

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

6. Name and address	Title	Telephone #s	FAX #	e-mail
Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com

7. Signature of authorized filer	
----------------------------------	--

8. Please print name of authorized filer	Donald J. Beckel
--	------------------

**RECEIVED**

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

9. Type of Insurance (TOI)	17.0000 Other Liability
10. Sub-Type of Insurance (Sub-TOI)	17.0020 Excess
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Commercial Liability Umbrella/Excess
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 09/01/2008    Renewal: 09/01/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	Not Applicable
17. Reference Organization # & Title	Not Applicable
18. Company's Date of Filing	12/12/07
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

### Property & Casualty Transmittal Document---

20. This filing transmittal is part of Company Tracking # CU-2007-REPRU

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

We are introducing and revising several rules in the Division Thirteen - Commercial Liability Umbrella - Commercial Lines Manual.

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 #: 99826  
Amount: \$50.00

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

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

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	CU-2007-REPRU
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	CU-2007-OEPFR

Rate Increase       Rate Decrease       Rate Neutral (0%)

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

4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Insurance Services Office, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

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

6.	Overall percentage of last rate revision	N/A
7.	Effective Date of last rate revision	N/A
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Rule 1. Application Of This Division	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Rule 2. Referrals To Company	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03	Rule 14. Special Rule For Individual Risk Situations	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

**RATE/RULE FILING SCHEDULE (cont.)**

State: ARKANSAS

Company Tracking #: CU-2007-REPRU

Page 2 of 2

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
04	Rule 15. - 21. Reserved For Future Use	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
05	Rule 28. Special Rule For Individual Risk Situations	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
06	Rule 31. Uninsured Motorists Coverage	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
07	Rule 39. Premium Determination	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
08	Rule 42. - 49. Reserved For Future Use	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
09	Rule 50. Description Of Excess Liability Coverage	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
10	Rule 51. Underlying Coverage	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
11	Rule 52. Minimum Retained Limit/Minimum Underlying Limit	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
12	Rule 53. Description Of Additional Optional Endorsements	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
13	Rule 54. Controlling Underlying Insurance - Claims-Made Coverage	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
14	Rule 55. Uninsured Motorists Coverage	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
15	Rule 56. - 62. Reserved For Future Use	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
16	Rule 63. Premium Determination	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
17	Rule 64. Classifications	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

# Arkansas Supplement To Commercial Excess Liability Multistate Rules Filing

## About This Filing

---

This supplement introduces and revises Arkansas exceptions to correspond to the changes being filed in multistate rules filing CU-2007-REPRU.

### New Rules

We are introducing Arkansas exceptions to the following rules:

- ◆ Rule 50. Description Of Excess Liability Coverage
- ◆ Rule 54. Controlling Underlying Insurance - Claims-made Coverage

### Revised Rule

We are revising the Arkansas exception to Rule 28. Special Rule For Individual Risk Situations.

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## Related Filing(s)

---

CU-2007-OEPFR (Forms)

## Background

---

In multistate rules filing CU-2007-REPRU, we are introducing and revising several multistate rules in the Division Thirteen - Commercial Liability Umbrella - Commercial Lines Manual (CLM) to accommodate the introduction of Commercial Excess Liability forms and endorsements introduced in companion forms filing CU-2007-OEPFR.

## **Explanation of Changes**

---

We are making the following changes to the Arkansas exceptions in the Division Thirteen - Commercial Liability Umbrella manual:

### **Rule 28. Special Rule For Individual Risk Situations**

The current exception to Rule 28. is being re-numbered to Rule 14. and relocated to Section I to track the re-numbering of the rule in the multistate manual.

### **Rule 50. Description Of Excess Liability Coverage**

We are introducing an exception to Paragraph C.3. to reference mandatory Arkansas Changes - Cancellation And Nonrenewal Endorsement CX 02 23.

### **Rule 54. Controlling Underlying Insurance - Claims-made Coverage**

We are introducing an exception to Rule 54. to reference Arkansas Changes - Underlying Claims-made Coverage Endorsement CX 27 02 and Arkansas Extended Reporting Period Endorsement CX 27 03 introduced in the companion forms filing. In addition, Paragraph C.2. of the rule reflects that an extended reporting period will be "offered" in light of the requirements of Ark. Code. Ann. § 23-79-306.

## **Copyright Explanation**

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## **Important Note**

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

---

**1428. SPECIAL RULE FOR INDIVIDUAL RISK SITUATIONS**

---

Paragraph B. is replaced by the following:

**B. Filing Obligations**

When a particular risk is modified in accordance with Paragraph A., companies should maintain a complete file, including all details of the factors used in determining the modification. Each company is responsible for complying with regulatory requirements.

**Note**

Rates shall not be inadequate, excessive or unfairly discriminatory.

---

**SECTION II – COMMERCIAL LIABILITY UMBRELLA COVERAGE RULES**

---

**SECTION IV – COMMERCIAL EXCESS LIABILITY COVERAGE RULES**

---

**50. DESCRIPTION OF EXCESS LIABILITY COVERAGE**

---

Paragraph C.3. is replaced by the following:

3. Refer to mandatory state endorsement Arkansas Changes – Cancellation And Nonrenewal **CX 02 23.**
-

---

#### **54. CONTROLLING UNDERLYING INSURANCE – CLAIMS-MADE COVERAGE**

---

Rule 54. is replaced by the following:

##### **A. Coverage**

Coverage under the Commercial Excess Liability Coverage Form assumes that any controlling underlying insurance is provided on an "occurrence" basis.

If any controlling underlying insurance provides coverage for any exposure that is on a claims-made basis, Arkansas Changes – Underlying Claims-made Coverage Endorsement CX 27 02 must be attached to convert the excess coverage for those exposures to a claims-made basis.

##### **B. Retroactive Date**

The Retroactive Date is a specific date entered on the Schedule of Arkansas Changes – Underlying Claims-made Coverage Endorsement CX 27 02. Endorsement CX 27 02 sets forth the application of the Retroactive Date with respect to injury or damage covered under this Coverage Part. Once a Retroactive Date is established for an insured, it can only be advanced with the written consent of the first Named Insured, and then only:

1. If there is a change in carrier;
2. If there is a substantial change in the insured's operations which results in an increased exposure to loss;
3. If the insured fails to provide the company with information:
  - a. The insured knew or should have known about the nature of the risk insured which would have been material to the insurer's acceptance of the risk; or
  - b. Which was requested by the company;
4. If the Retroactive Date of the controlling underlying insurance is advanced; or
5. At the request of the insured.

Prior to the advancement of the Retroactive Date under any of these conditions, the company must obtain the written acknowledgment of the first Named Insured acknowledging that the first Named Insured has been advised of the right to purchase the Supplemental Extended Reporting Period endorsement.

If "none" is entered on the Schedule of Endorsement CX 27 02, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for injury or damage occurring prior to the inception date of the policy.

##### **C. Extended Reporting Period**

1. Any provisions under the controlling underlying insurance relating to an Extended Reporting Period for which a separate premium charge is made do not apply to the Excess Liability Coverage Part, unless an extended reporting period endorsement is purchased under this insurance.
2. If the circumstances relating to the termination, renewal or replacement of the claims-made coverage specified in Endorsement CX 27 02 are met, an extended reporting period will be offered and made available provided that an extended reporting period endorsement has been purchased under the controlling underlying insurance.

If the Extended Reporting Period under this Coverage Part is purchased, use Arkansas Extended Reporting Period Endorsement CX 27 03.

Refer to company for rating.

# Division Thirteen - Commercial Liability Umbrella Multistate Rules Revised

## About This Filing

---

This filing revises several existing rules and introduces two new Commercial Excess Liability sections into the Division Thirteen - Commercial Liability Umbrella manual to complement the introduction of the Commercial Excess Liability Coverage Part filed in companion filing CU-2007-OEPFR.

## Related Filing(s)

---

CU-2007-OEPFR (Forms)

## New Rules

---

- ◆ Rule 42. - 49. Reserved For Future Use
- ◆ Rule 50. Description Of Excess Liability Coverage
- ◆ Rule 51. Underlying Coverage
- ◆ Rule 52. Minimum Retained Limit/Minimum Underlying Limit
- ◆ Rule 53. Description Of Additional Optional Endorsements
- ◆ Rule 54. Controlling Underlying Insurance - Claims-Made Coverage
- ◆ Rule 55. Uninsured Motorists Coverage
- ◆ Rule 56. - 62. Reserved For Future Use
- ◆ Rule 63. Premium Determination
- ◆ Rule 64. Classifications

## Revised Rules

---

- ◆ Rule 1. Application Of This Division
- ◆ Rule 2. Referrals To Company
- ◆ Rule 15. - 21. Reserved For Future Use

- ◆ Rule 28. Special Rule For Individual Risk Situations
- ◆ Rule 31. Uninsured Motorists Coverage
- ◆ Rule 39. Premium Determination

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## **Explanation of Changes**

---

The following rules are being revised to complement the introduction of the Commercial Excess Liability rules into the Division Thirteen - Commercial Liability Umbrella manual:

### **Commercial Liability Umbrella Coverage Rules**

#### **Rule 1. Application Of This Division**

Rule 1. is being revised to add reference to the Commercial Excess Liability Coverage Part, and to rename the title of Section II to Commercial Liability Umbrella Coverage Rules and Section III to Commercial Liability Umbrella Rating Procedures. This rule is also being revised to reference new Section IV - Commercial Excess Liability Coverage Rules and Section V - Commercial Excess Liability Rating Procedures.

#### **Rule 2. Referrals To Company**

Paragraph B. in Rule 2. is being revised to make editorial revisions and to reference Rule 14. instead of Rule 28., as Rule 28. is now being renumbered to Rule 14, as described below.

#### **Rule 14. Special Rule For Individual Risk Situations**

Rule 28., which was previously included under Section II of the manual, has been relocated to Section I - General Rules as Rule 14. The provisions contained in this rule will apply to both the Commercial Liability Umbrella and Commercial Excess Liability Coverage Parts.

#### **Rule 14. - 21. Reserved For Future Use**

This rule is now renumbered Rule 15. - 21. due to the introduction of Rule 14.

#### **Rule 28. Reserved For Future Use**

Rule 28. Special Rule For Individual Risk Situations has been deleted as its provisions will now be reflected in Rule 14. Rule 28. is now Reserved For Future Use.

### **Rule 31. Uninsured Motorists Coverage**

This rule has been editorially revised to conform to ISO uniformity standards.

### **Rule 39. Premium Determination**

This rule is being revised to reference Rule 14. instead of Rule 28., and to make other editorial revisions.

### **Rule 42.-49. Reserved For Future Use**

This rule is being introduced to allow for new rules to be introduced or rules to be re-numbered under Section II - Commercial Liability Umbrella Coverage Rules.

## **Commercial Excess Liability Coverage Rules**

The following new rules govern the use of the new Commercial Excess Liability Coverage Form and endorsements:

### **Section IV**

#### **Rule 50. Description Of Excess Liability Coverage**

Rule 50. provides a description of the Commercial Excess Liability Coverage Form and provides information on the mandatory multistate and state endorsements that are applicable.

#### **Rule 51. Underlying Coverage**

This rule specifies that underlying coverage must be maintained for coverage parts or policies listed in the schedule of controlling underlying insurance in the Declarations.

#### **Rule 52. Minimum Retained Limit/Minimum Underlying Limit**

This rule provides information on the minimum retained limit/minimum underlying limit.

#### **Rule 53. Description Of Additional Optional Endorsements**

This rule describes the optional endorsements that may be used with the Commercial Excess Liability Coverage Part.

- ◆ Paragraph B. Exclusion Endorsements instructs on the usage of the following:
  - CX 21 02 Total Pollution Exclusion Endorsement;
  - CX 21 03 Total Pollution Exclusion With A Hostile Fire Exception Endorsement; and

- CX 21 04 Total Pollution Exclusion With A Building Heating, Cooling And Dehumidifying Equipment Exception And A Hostile Fire Exception Endorsement.
- ◆ Paragraph C. Special Provisions For Certain Types of Risks Endorsement instructs on the usage of CX 04 01 Excess Liability Coverage For Designated Operations Covered By A Consolidated (Wrap-up) Insurance Program Endorsement.
- ◆ Paragraph D. Coverage Amendment Endorsement instructs on the usage of CX 24 01 Products-Completed Operations Aggregate Limit Of Insurance Endorsement.

### **Rule 54. Controlling Underlying Insurance - Claims-Made Coverage**

This rule provides a description of Underlying Claims-Made Coverage Endorsement CX 27 00 which is to be used when the controlling underlying insurance is provided on a claims-made basis. It also describes the application of Extended Reporting Period Endorsement CX 27 01.

### **Rule 55. Uninsured Motorists Coverage**

This rule explains the procedure for excess uninsured motorists coverage, if applicable.

### **Rule 56.-62. Reserved For Future Use**

This rule is being introduced to allow for new rules to be introduced or rules to be re-numbered under Section IV - Excess Liability Coverage Rules.

## **Commercial Excess Liability Rating Procedures**

### **Section V**

#### **Rule 63. Premium Determination**

This rule describes how to calculate the premium for a risk.

#### **Rule 64. Classifications**

This rule refers the user to classify the risk in accordance with the classification applicable to the controlling underlying insurance.

## **Copyright Explanation**

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## **Important Note**

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

---

## 1. APPLICATION OF THIS DIVISION

---

### A. Contents

Division Thirteen contains the rules, rating procedures and state exceptions for the Commercial Liability Umbrella Coverage Part and the Commercial Excess Liability Coverage Part.

### B. Sections

This division is divided into separate sections for:

1. Section I – General Rules
2. Section II – Commercial Liability Umbrella Coverage Rules
3. Section III – Commercial Liability Umbrella Rating Procedures
4. Section IV – Commercial Excess Liability Coverage Rules
5. Section V – Commercial Excess Liability Rating Procedures

### C. Rule Exceptions

Refer to state exceptions for any exception to the rules in this division.

---

## 2. REFERRALS TO COMPANY

---

Refer to company for:

A. Any applicable rating plan modification.

B. Rating or classifying any risk or exposure for which:

1. There is no manual rate or applicable classification for the underlying exposure, or
2. There is no underlying insurance.

Rates shall not be inadequate, excessive or unfairly discriminatory.

(For other refer-to-company situations, see Rule 1428.)

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available to state regulators on request. Such rates or classifications need not be filed with the state regulator.

The second paragraph of Paragraph B. shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

---

## 14. SPECIAL RULE FOR INDIVIDUAL RISK SITUATIONS

---

### A. Refer To Company

1. For rating any risk or exposure for which:

- a. Excess or Umbrella Liability Insurance is provided in an amount not less than \$1,000,000 in excess of a specified retained limit provided such retained limit is not less than \$350,000 per occurrence, as respects those exposures covered by underlying insurance; or
- b. The coverage to be written is broader than that contained in the applicable Standard Commercial Liability Umbrella Coverage Part.

#### Note

To the extent that forms filing requirements apply, they must be followed.

2. If a Coverage Part is endorsed to restrict coverage for hazards not common to all risks within the same class.

#### Note

To the extent that forms filing requirements apply, they must be followed.

3. Where liability increased limits are provided and the risk is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

a. Manual rules and rates shall apply to the portion of the limits of liability retained by the company.

b. For limits of liability obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a charge up to but not exceeding 50%.

**B. Filing Obligations**

When a particular risk is modified in accordance with Paragraph A., companies should maintain a complete file, including all details of the factors used in determining the modification and make the file available to state regulators on request. Such modifications need not be filed with the state regulator.

**Note**

Rates shall not be inadequate, excessive or unfairly discriminatory.

**1415. – 21. RESERVED FOR FUTURE USE**

**SECTION II – COMMERCIAL LIABILITY UMBRELLA COVERAGE RULES**

**28. SPECIAL RULE FOR INDIVIDUAL RISK SITUATIONS RESERVED FOR FUTURE USE**

**A. Refer To Company**

1. For rating any risk or exposure for which:

a. Excess or Umbrella liability insurance is provided in an amount not less than \$1,000,000 in excess of a specified retained limit provided such retained limit is not less than \$350,000 per occurrence, as respects these exposures covered by underlying insurance; or

b. The coverage to be written is broader than that contained in the applicable Standard Commercial Liability Umbrella Coverage Part.

**Note**

To the extent that forms filing requirements apply, they must be followed.

2. If a Coverage Part is endorsed to restrict coverage for hazards not common to all risks within the same class.

**Note**

To the extent that forms filing requirements apply, they must be followed.

3. Where liability increased limits are provided and the risk is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

a. Manual rules and rates shall apply to the portion of the limits of liability retained by the company.

b. For limits of liability obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a charge up to but not exceeding 50%.

**B. Filing Obligations**

When a particular risk is modified in accordance with Paragraph A., companies should maintain a complete file, including all details of the factors used in determining the modification and make the file available to state regulators on request. Such modifications need not be filed with the state regulator.

**Note**

Rates shall not be inadequate, excessive or unfairly discriminatory.

---

### 31. UNINSURED MOTORISTS COVERAGE

---

Some states require excess uninsured motorists coverage to be provided. Refer to the state exceptions for:

- 1A. Applicable excess uninsured and/or underinsured motorists coverage endorsements.
- 2B. State requirements concerning the offering, providing and where applicable, rejection of uninsured and/or underinsured motorists coverage.

---

## SECTION III – COMMERCIAL LIABILITY UMBRELLA RATING PROCEDURES

---

---

### 39. PREMIUM DETERMINATION

---

The following Premium Determination Procedure may be used as a guideline for those risks rated on a ~~Refer-~~Refer-to-company basis in accordance with Rule 2. and/or Rule ~~28~~14. It should be followed for all other risks.

- A. For each coverage for which there is underlying insurance:
  1. Determine the premium for such underlying coverage at limits equal to the retained limit. Adjust this amount by applicable surcharges and credits, including any applicable endorsement premium and/or credits. If underlying coverage is provided as a part of a program or rating plan where premium for liability exposure cannot be divided from non-liability exposure, the premium for the liability exposure should be calculated as if it was written on a separate basis.
  2. Determine the premium for such underlying coverage at limits equal to the sum of the underlying limits and the umbrella limits. Adjust this amount by applicable surcharges and credits, including any applicable endorsement premium and/or credits.
  3. Subtract the amount determined in Paragraph 1. ~~above~~ from the amount determined in Paragraph 2. ~~above~~ for each coverage.
  4. For coverage subject to an underlying aggregate limit, multiply the sum determined ~~above~~ in Paragraph 3. by a factor of 0.98 to reflect the common umbrella aggregate.
- B. If there is no underlying coverage below the retained limit (self-insured retention) for any type of exposure where insured's loss potential is not negligible, estimate the premium to be charged for that exposure.
- C. Add the umbrella coverage premiums determined above. This is the umbrella premium.
- D. The following factors have ~~not~~NOT been reflected in the umbrella policy pricing procedures:
  1. Reduction in loss variability due to layering of coverage between insurers.
  2. Increase in costs due to ALAE spent by the umbrella writer.
  3. Any package discount or modification.Refer to company for further evaluation.

---

### 42. – 49. RESERVED FOR FUTURE USE

---

**SECTION IV – COMMERCIAL EXCESS LIABILITY COVERAGE RULES**

**50. DESCRIPTION OF EXCESS LIABILITY COVERAGE**

A. A standard coverage form is available to provide excess liability coverage for the ultimate net loss in excess of the retained limit for injury or damage, as defined in the policy.

B. The Excess Liability Coverage Part:

1. Provides higher limits of insurance over the available limits of controlling underlying insurance applicable to the claim.
2. Follows the provisions that are contained in the applicable controlling underlying insurance unless otherwise directed by the Excess Liability Coverage Part.
3. Does not provide broader coverage than that provided by the applicable controlling underlying insurance.

Controlling underlying insurance means any policy of insurance listed in the Declarations under the Schedule of controlling underlying insurance.

C. For details of coverage:

1. Refer to coverage form:

Commercial Excess Liability Coverage Form CX 00 01.

2. Refer to mandatory multistate endorsement:

Broad Form Nuclear Exclusion Endorsement CX 21 01.

3. Refer to mandatory state endorsements in the state exceptions.

D. The appropriate:

1. Coverage form;
2. Mandatory endorsements (including those required for use in a particular state);
3. Other applicable endorsements; and
4. Declarations

make up a Coverage Part.

**51. UNDERLYING COVERAGE**

Underlying coverage is to be maintained for all policies of insurance listed in the Schedule of controlling underlying insurance in the Declarations.

**52. MINIMUM RETAINED LIMIT/MINIMUM UNDERLYING LIMIT**

Retained limits are the minimum amounts of the limits of insurance of the controlling underlying insurance for exposures covered by controlling underlying insurance.

Refer to company for minimum retained limits.

---

### **53. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS**

---

#### **A. Additional Optional Endorsements**

The following endorsements may be used with the Commercial Excess Liability Coverage Part. The descriptions are for ease of identification. Refer to each endorsement to determine its content.

Refer to company for rating unless the underlying policy contains an equivalent endorsement and the "subject premium" used in calculating the excess policy premium contemplates attachment of the endorsement.

#### **B. Exclusion Endorsements**

Liability arising out of pollution not otherwise precluded by the pollution exclusion contained in the Excess Liability Coverage Form:

1. May be totally excluded by attaching Total Pollution Exclusion Endorsement CX 21 02;
2. May be totally excluded, with the exception of liability arising out of a hostile fire, by attaching Total Pollution Exclusion With A Hostile Fire Exception Endorsement CX 21 03; or
3. May be totally excluded, with the exception of liability arising out of building heating, cooling or dehumidifying equipment or a hostile fire, by attaching Total Pollution Exclusion With A Building Heating, Cooling And Dehumidifying Equipment Exception And A Hostile Fire Exception Endorsement CX 21 04.

#### **C. Special Provisions For Certain Types of Risks Endorsement**

Excess liability coverage arising out of a specific operation where a consolidated (wrap-up) insurance program has been provided by the prime contractor/project manager or owner of the construction project in which the named insured is involved may be provided by attaching Excess Liability Coverage For Designated Operations Covered By A Consolidated (Wrap-up) Insurance Program Endorsement CX 04 01.

#### **D. Coverage Amendment Endorsement**

To provide a separate aggregate limit for damages because of injury or damage included in the products-completed operations hazard, use Products-Completed Operations Aggregate Limit Of Insurance Endorsement CX 24 01.

---

### **54. CONTROLLING UNDERLYING INSURANCE – CLAIMS-MADE COVERAGE**

---

#### **A. Coverage**

Coverage under the Commercial Excess Liability Coverage Form assumes that any controlling underlying insurance is provided on an "occurrence" basis.

If any controlling underlying insurance provides coverage for any exposure that is on a claims-made basis, Underlying Claims-made Coverage Endorsement CX 27 00 must be attached to convert the excess coverage for those exposures to a claims-made basis.

#### **B. Retroactive Date**

The Retroactive Date is a specific date entered on the Schedule of Underlying Claims-made Coverage Endorsement CX 27 00. CX 27 00 sets forth the application of the Retroactive Date with respect to injury or damage covered under this Coverage Part. Once a Retroactive Date is established for an insured, it can only be advanced with the written consent of the first Named Insured, and then only:

1. If there is a change in carrier;
2. If there is a substantial change in the insured's operations which results in an increased exposure to loss;
3. If the insured fails to provide the company with information:
  - a. The insured knew or should have known about the nature of the risk insured which would have been material to the insurer's acceptance of the risk; or
  - b. Which was requested by the company;
4. If the Retroactive Date of the controlling underlying insurance is advanced; or

5. At the request of the insured.

Prior to the advancement of the Retroactive Date under any of these conditions, the company must obtain the written acknowledgment of the first Named Insured acknowledging that the first Named Insured has been advised of the right to purchase the Supplemental Extended Reporting Period endorsement.

If "none" is entered on the Schedule of Endorsement CX 27 00, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for injury or damage occurring prior to the inception date of the policy.

**C. Extended Reporting Period**

1. Any provisions under the controlling underlying insurance relating to an Extended Reporting Period for which a separate premium charge is made do not apply to the Excess Liability Coverage Part, unless an extended reporting period endorsement is purchased under this insurance.

2. If the circumstances relating to the termination, renewal or replacement of the claims-made coverage specified in Endorsement CX 27 00 are met, an extended reporting period will be made available provided that an extended reporting period endorsement has been purchased under the controlling underlying insurance.

If the Extended Reporting Period under this Coverage Part is purchased, use Extended Reporting Period Endorsement CX 27 01.

Refer to company for rating.

3. If the provisions of the Extended Reporting Period in any controlling underlying insurance provide for a supplemental aggregate limit of insurance when the Extended Reporting Period is purchased, a supplemental aggregate limit of insurance, equal to the Aggregate Limit shown in the Declarations of this Coverage Part, will apply to claims first made during the Extended Reporting Period if Endorsement CX 27 01 is attached.

**55. UNINSURED MOTORISTS COVERAGE**

Some states require excess uninsured motorists coverage to be provided. Refer to state exceptions for:

A. Applicable excess uninsured and/or underinsured motorists coverage endorsements.

B. State requirements concerning the offering, providing and where applicable, rejection of uninsured and/or underinsured motorists coverage.

**56. – 62. RESERVED FOR FUTURE USE**

## SECTION V – COMMERCIAL EXCESS LIABILITY RATING PROCEDURES

### 63. PREMIUM DETERMINATION

The following Premium Determination Procedure may be used as a guideline for those risks rated on a refer-to-company basis in accordance with Rule 2. and/or Rule 14. It should be followed for all other risks.

A. For each coverage for which there is controlling underlying insurance:

1. Determine the premium for such underlying coverage at limits equal to the retained limit. Adjust this amount by applicable surcharges and credits, including any applicable endorsement premium and/or credits. If underlying coverage is provided as a part of a program or rating plan where premium for liability exposure cannot be divided from non-liability exposure, the premium for the liability exposure should be calculated as if it was written on a separate basis.
2. Determine the premium for such underlying coverage at limits equal to the sum of the underlying limits and the excess liability coverage limits. Adjust this amount by applicable surcharges and credits, including any applicable endorsement premium and/or credits.
3. Subtract the amount determined in Paragraph 1. from the amount determined in Paragraph 2. for each coverage.
4. For coverage subject to an underlying aggregate limit, multiply the sum determined in Paragraph 3. by a factor of 0.98 to reflect the common excess aggregate.

B. Add the excess liability coverage premiums determined. This is the excess liability coverage premium.

C. The following factors have not been reflected in the excess liability policy pricing procedures:

1. Reduction in loss variability due to layering of coverage between insurers.
  2. Increase in costs due to ALAE spent by the excess liability writer.
  3. Any package discount or modification.
- Refer to company for further evaluation.

### 64. CLASSIFICATIONS

Classify in accordance with the classifications applicable to the controlling underlying insurance.

**Receipt Copy** – Upon receipt in your office, please date-stamp this copy "**Received**" and return to ISO in the attached envelope.



2828 EAST TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006  
TEL: (214) 390-1825 FAX: (214) 390-1975

December 12, 2007

Honorable Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

Attention: William R. Lacy, Director  
Property and Casualty Division

RE: Insurance Services Office, Inc.  
CU 2007-REPRU  
Division Thirteen – Commercial Liability Umbrella  
Multistate Rules Revised  
**REFERENCE FILING**  
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for Commercial Liability Umbrella rules revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of September 2008, or the earliest possible subsequent date following your acknowledgement.

Companion forms filing CU 2007-OEPFR is also submitted today under separate cover.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

A handwritten signature in black ink that reads "Donald J. Beckel".

Donald J. Beckel, CPCU, ARM  
Assistant Regional Manager

DJB:db  
Encl.

**RECEIVED**

DEC 18 2007

PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT

