

SERFF Tracking Number: CAMC-125366071 State: Arkansas
Filing Company: CAMICO Mutual Insurance Company State Tracking Number: #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

Filing at a Glance

Company: CAMICO Mutual Insurance Company

Product Name: Employment Practices Liability SERFF Tr Num: CAMC-125366071 State: Arkansas

TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed State Tr Num: #35894 \$100

Sub-TOI: 17.1010 Employment Practices Co Tr Num: EP-AR-2008-R State Status: Fees verified and received

Liability

Filing Type: Rule

Co Status:

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

Authors: Carmen Clouse, John Takayoshi

Disposition Date: 01/04/2008

Date Submitted: 12/20/2007

Disposition Status: Filed

Effective Date Requested (New): 04/01/2008

Effective Date (New):

Effective Date Requested (Renewal): 04/01/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: New Program Filing

Status of Filing in Domicile: Authorized

Project Number: 2008

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 01/04/2008

State Status Changed: 01/04/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

CAMICO Mutual Insurance Company (CAMICO) is filing a new program to provide Employment Practices Liability Insurance (EPLI) coverage to Certified Public Accountants (CPA's). Eligibility for the program is restricted to public accounting firms, licensed in the state with at least 50% of the firm's ownership being CPA's.

This is a new program for CAMICO and, as such, CAMICO does not have any direct historical data to report. The rates and rules included herein are based upon competitor rate filings and developed with the

<i>SERFF Tracking Number:</i>	<i>CAMC-125366071</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>CAMICO Mutual Insurance Company</i>	<i>State Tracking Number:</i>	<i>#35894 \$100</i>
<i>Company Tracking Number:</i>	<i>EP-AR-2008-R</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1010 Employment Practices Liability</i>
<i>Product Name:</i>	<i>Employment Practices Liability</i>		
<i>Project Name/Number:</i>	<i>New Program Filing/2008</i>		

assistance of the program's principal reinsurer, General Reinsurance Corp. which has utilized these rates in its national Employment Practices Liability Program. CAMICO will monitor the loss experience of the program and will adjust rates and rules accordingly as loss data and patterns emerge.

Included in this filing are the required new program rate and rule filing forms. Also included are Rates, Rules, & Methodologies for the complete program. We have also included the following general rate making supplemental information in Exhibits 1 through 5:

- Expense Constant Supplement
- Calculation of Target Operating Ratio
- Target Rate of Return
- Premium To Surplus Ratio
- Countrywide Loss and Expense Summary

Company and Contact

Filing Contact Information

John Takayoshi, Manager of Regulatory Affairs jtakayoshi@camico.com
 1235 Radio Road, 2nd Floor (650) 802-2567 [Phone]
 Redwood City, CA 94065 (650) 802-2700[FAX]

Filing Company Information

CAMICO Mutual Insurance Company	CoCode: 36340	State of Domicile: California
1235 Radio Road, 2nd Floor	Group Code: -99	Company Type: Mutual
Redwood City, CA 94065	Group Name:	State ID Number:
(650) 802-2500 ext. 0[Phone]	FEIN Number: 77-0105482	

Filing Fees

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

SERFF Tracking Number: CAMC-125366071 State: Arkansas
Filing Company: CAMICO Mutual Insurance Company State Tracking Number: #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
035894	\$100.00	12/13/2007

SERFF Tracking Number: CAMC-125366071 State: Arkansas
Filing Company: CAMICO Mutual Insurance Company State Tracking Number: #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	01/04/2008	01/04/2008

SERFF Tracking Number: CAMC-125366071 *State:* Arkansas
Filing Company: CAMICO Mutual Insurance Company *State Tracking Number:* #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only *Sub-TOI:* 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

Disposition

Disposition Date: 01/04/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: CAMC-125366071 State: Arkansas
 Filing Company: CAMICO Mutual Insurance Company State Tracking Number: #35894 \$100
 Company Tracking Number: EP-AR-2008-R
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
 Product Name: Employment Practices Liability
 Project Name/Number: New Program Filing/2008

Item Type	Item Name	Item Status	Public Access
Supporting Document	Rating Methodology	Filed	Yes
Supporting Document	Supplemental Rate Filing Data	Filed	Yes

SERFF Tracking Number: CAMC-125366071 *State:* Arkansas
Filing Company: CAMICO Mutual Insurance Company *State Tracking Number:* #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only *Sub-TOI:* 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: CAMC-125366071 State: Arkansas
Filing Company: CAMICO Mutual Insurance Company State Tracking Number: #35894 \$100
Company Tracking Number: EP-AR-2008-R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1010 Employment Practices Liability
Product Name: Employment Practices Liability
Project Name/Number: New Program Filing/2008

Supporting Document Schedules

Satisfied -Name: Rating Methodology **Review Status:** Filed 01/04/2008
Comments:
Attachment:
AR_Rating Methodology_EP.pdf

Satisfied -Name: Supplemental Rate Filing Data **Review Status:** Filed 01/04/2008
Comments:
Attachment:
Supplemental Rate Filing Data.pdf



EMPLOYMENT PRACTICES LIABILITY PROGRAM RATES, RULES & METHODOLOGIES

I. Rating Methodology

- A) CAMICO Mutual Insurance Company (CAMICO) is a property & casualty insurer providing employment practices liability insurance to Certified Public Accountants (individual and public accounting firms). The following are eligible to be policyholders: 1) membership organizations comprised principally of Certified Public Accountants (CPAs); 2) directors of CAMICO Mutual Insurance Company; or 3) Sole proprietors, partnerships, and corporations which offer professional services to others and which meets the following test: At least 50% of the proprietors, partnerships or stockholders thereof must be CPAs.
- B) CAMICO provides coverage on a claims-made and reported basis with extended reporting period coverage available. Coverage is provided for claims arising from acts occurring on or after the policy's retroactive date and reported to the Company within the policy term.
- C) Policy premium is developed based upon the number of full time equivalent employees in a firm. The number of employees is adjusted to reflect full-time, part-time, temporary, and independent contractors, but excludes partners / owners in the firm.
- D) A base rate is applied to the number of employees to develop the base premium for a firm at a combined single limit of liability of \$100,000 per claim and \$100,000 in aggregate for a policy year. The base rate is modified by the following factors: increased limits (per claim and in aggregate), deductibles, claims-made maturity step factors (years of retroactive coverage provided), and subject to a minimum premium requirements.
- E) A supplemental small firm program is available for firms with 10 or fewer employees that is not subject to minimum premium requirements but is limited to limits of liability of \$100,000 per claim and \$100,000 in aggregate for any policy year.
- F) The *Net Premium* for the policy is developed from the fully modified base premium by a pro-ration factor for the actual term of the policy. CAMICO provides coverage for non-annual policy terms and the pro-ration factor is determined by the actual number of days the policy is in-force (policy term) relative to an annual policy term.



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

Rating Methodology

	Base Rate @ \$100,000 Combined Single Limit of Liability
Times	Total Number of Full Time Equivalent Employees
Times	Increased Limit Factor
Times	Deductible Factor
Times	Claims-Made Maturity Step Factor
Times	Underwriters Discretionary Debit / Credit
Equals	Policy Base Premium
Select	Greater of Minimum Premium or Policy Base Premium
Equals	Annual Policy Premium
Times	Policy Pro-ration Factor
Equals	Net Policy Premium
Times	Extended Reporting Period Factor (if applicable)



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

II. Applications

An “Employment Practices Liability Application,” must be completed and signed by the insured. If the insured has 10 or fewer employees, applies for limits of liability of \$100,000 per claim and in aggregate and has completed a CAMICO Professional Liability Application, then no additional application need be completed.

III. Base Policy Premium

A. Basic Rates

Company rates are shown at \$100,000 per claim, subject to a \$100,000 policy aggregate. The aggregate limit applies to the annual term or any applicable policy less than one year (other than an extension of less than one year after the policy is issued).

Basic Rates – Per Employee (\$100,000/\$100,000 Limit)

Number of Employees	Rate
First 25 employees =	\$37 per employee
Next 25 employees =	\$34 per employee (#26 through 50)
Next 50 employees =	\$31 per employee (#51 through 100)
Next 150 employees =	\$30 per employee (#101 through 250)

B. Calculation of Number of Employees:

Employee Status	Factor x Basic Rate
Full Time (40 hours or more)	1.0
Part time (less than 32 hours)	.75
Temporary Workers	.75
Independent Contractors / Per Diem Workers – unendorsed	.10
When coverage is provided for independent contractors / per diem workers and their employees by <ul style="list-style-type: none"> ○ If the Independent Contractors are on site, but used between 20 and 32 hours a week, or for between 6 and 9 months. 	.75
<ul style="list-style-type: none"> ○ If the independent contractors / per diem workers are primarily at a remote location (remote from the employees), or are used less than 20 hours a week or for less than 6 months. 	.25



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

Sum the number of employees / independent contractors times the associated factor in each category to determine the total number of ratable employees.

C. Increased Limits

Per Claim / Policy Aggregate	Rating Factor
\$100,000 / \$100,000	1.00
\$250,000 / \$250,000	1.55
\$500,000 / \$500,000	2.09
\$500,000 / \$1,000,000	2.55
\$1,000,000 / \$1,000,000	2.67
\$1,000,000 / \$2,000,000	3.24

D. Deductibles

Standard Deductible – Each policy must carry at least a \$5,000 deductible each and every claim with supplemental increased deductibles available per the following:

Deductible	Limit of Liability					
	\$100,000	\$250,000	\$500,000	\$500,000 / \$1,000,000	\$1,000,000	\$1,000,000 / \$2,000,000
\$5,000	1.000	1.000	1.000	1.000	1.000	1.000
\$10,000	0.903	0.930	0.944	0.954	0.956	0.964
\$15,000	0.833	0.877	0.903	0.920	0.923	0.937
\$20,000	0.762	0.825	0.861	0.886	0.869	0.892
\$25,000	0.692	0.773	0.819	0.852	0.856	0.881

E. Bases of Premium

The basis used for determining premium is the insured’s number of employees the state(s) in and subject to the rating basis of that state in which the operations are based.



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

F. Claims Made Step Factors

The following relativity factor(s) apply based on the number of years the policyholder has had uninterrupted claims made coverage.

Years	Maturity Factor
0 - 1	.74
1 - 2	.87
2 - 3	.94
3 - 4	.96
4 - 5 or more	1.00

G. Minimum Premiums for Standard Policy

Limit of Liability Per Claim / Policy Aggregate	Minimum Premium
\$100,000 / \$100,000	\$400
\$250,000 / \$250,000	\$500
\$500,000 / \$500,000	\$750
\$500,000 / \$1,000,000	\$900
\$1,000,000 / \$1,000,000	\$1,000
\$1,000,000 / \$2,000,000	\$1,250

For multi-state risks, the minimum premium of the highest rated state will be used.

H. Underwriters' Discretion

Underwriters may evaluate the individual risk characteristics of an individual firm and apply debits or credits to the Policy Base Premium. Each individual risk characteristic may be subject to a maximum debit of 25% or credit of -25%. The total of all Underwriters' Discretionary items cannot exceed in aggregate +/- 25%.

Item	Range
Quality of Human Resources Department	-25% to +25%
Quality of Employment Practices Manual	-25% to +25%
Management Practices, Policies & Procedures Manual Handbook	-25% to +25%
Utilization of temporary or contract employees	-25% to +25%



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

Quality of Management / Supervisor Training and Continuing Education	-25% to +25%
Continuity of Management and Management Succession Plans	-25% to +25%
Years in business and organizational stability	-25% to +25%
Documentation standards (with regards to employment, performance reviews, complaints)	-25% to +25%
Whistleblower / Hotline policy & Usage	-25% to +25%
Termination / Employee turnover history – prior three years (reasons and documentation standards applied)	-25% to +25%
Regular Employment evaluations	-25% to +25%
Pre-Employment screenings and employment applications	-25% to +25%
Quality of internal correction process	-25% to +25%
Quality of salary administration, benefits and employee recognition program	-25% to +25%
Loss Experience	-25% to +25%

I. Small Firm Program

Special rating and underwriting rules shall be applied to firms with 10 or fewer employees, applying for limits of liability of \$100,000 per claim and in aggregate and that are an existing CAMICO Professional Liability Policy insured or have submitted a CAMICO Professional Liability application. The following underwriting rules shall apply to eligible firms:

- no additional Employment Practices Liability application will be required,
- base rate of \$37 per employee,
- coverage limit of liability of \$100,000 per claim, and \$100,000 in aggregate
- a standard deductible of \$5,000 each and every claim
- no claims-made maturity step factors,
- no minimum premium, and
- no underwriters’ discretionary debits or credits.



**EMPLOYMENT PRACTICES LIABILITY PROGRAM
RATES, RULES & METHODOLOGIES**

IV. Extended Reporting Period Coverage

The following Extended Reporting Period Coverage factors are applied to the in-force annual premium at the inception of the Extended Reporting Period Coverage to calculate the premium for the coverage.

Years Retro Active Coverage	1 Year Extended Reporting Coverage	3 Years Extended Reporting Coverage
1	.54	1.05
2	.88	1.50
3 or more	1.09	1.65

V. Policy Term

Policies must be written for one-year term. Terms of less than one year may be written to be concurrent with another policy.

VI. Policy Cancellations

A. Pro Rata Cancellation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled:

- at the company’s request, or
- the policy is rewritten in the same company or company group.

B. Short Rate Cancellation

If the above do not apply, compute return premium at .90 of the pro rata unearned premium for the policy term and round to the next higher whole dollar.

CAMICO Mutual Insurance Company
2006 Rate Filing - Supplemental Data

Insurers Name: CAMICO Mutual Insurance Company
 NAIC Number: 000 - 36340

Date: December 13, 2007

EXPENSE CONSTANT SUPPLEMENT

CALCULATION OF COMPANY LOSS COST ADJUSTMENT WITH EXPENSE CONSTANTS

3. Development of Expected Loss Ratio. (Attach exhibits detailing insurer expense data and/or other supporting information, including as explanation of how investment income has been taken into account in determining 3E.)

	Selected Provisions		
	Overall	Variable	Fixed
A. Commission	<u>6.7%</u>	<u>6.7%</u>	<u>0.0%</u>
B. Other Acquisition Expense	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
C. General Expense	<u>19.2%</u>	<u>11.5%</u>	<u>7.7%</u>
D. Taxes, Licenses & Fees	<u>2.9%</u>	<u>2.9%</u>	<u>0.0%</u>
E. Underwriting Profit (Loss) & Contingencies	<u>6.1%</u>	<u>6.1%</u>	<u>0.0%</u>
F. Other	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
G. TOTAL	<u>34.8%</u>	<u>27.2%</u>	<u>7.7%</u>

4. A. Expected Loss & Loss Adjustment Expense Ratio:
 ELR = 100% - Overall 3G. 65.2%
- B. ELR Expressed in decimal form 0.652
- C. Variable Expected Loss & Loss Adjustment Expense Ratio
 VELR = 100% - Variable 3G. 72.8%
- D. VELR Expressed in decimal form. 0.728
5. Company Expense Constant:
 [(1.00 / 4.B.) - (1.00 / 4.D.)] 0.162
6. Indicated Rate Level Change **New Program**
7. Proposed rate level change for the coverages to which this page applies: n/a

**CAMICO Mutual Insurance Company
2006 Rate Filing - Supplemental Data**

CALCULATION OF TARGET OPERATING RATIO

1. Profit & Contingencies Calculation:

(a) Target rate of return on surplus	5.0%
(b) Ratio of net written premium to surplus	100.0%
(c) Target return as percent of premium	5.0%
(d) Before tax investment income	6.5%
(e) Investment income tax rate	34.0%
(f) After tax investment income	4.3%
(g) After tax underwriting income (c) - (f)	0.7%
(h) Federal income tax rate	34.0%
(i) Pre-tax profit	1.1%
(j) Risk load & contingency	5.0%
(k) Pre-tax profit and contingency provision net of risk load	6.1%
(l) After Tax profit and contingency provision net of risk load	4.0%
(l) Target operating Ratio	96.0%

2. Investment Income as percent of premium calculation

(a) 2005 Net Written Premium	55,119,845
(b) 2005 Loss & LAE Reserves	65,872,505
(c) 2005 Insurance transactions	120,992,350
(d) 2005 Ending Surplus	50,175,769
(e) Total investment income	4,984,520
(f) Capital Gains / (Loss)	326,665
(g) Gross Investment Income	5,311,185
(h) Investment income attributable to surplus	1,787,814
(i) Investment income attributable to surplus percent	3.6%
(j) Investment income attributable to insurance transactions	3,523,371
(k) Investment income attributable to insurance transactions as percent of NWP	6.4%
Selected Investment income as percent of premium	6.5%

**CAMICO Mutual Insurance Company
2006 Rate Filing - Supplemental Data**

TARGET RATE OF RETURN

<u>Year</u>	<u>CAMICO</u>		<u>A.M. Best Industry Composite Data</u>	
	<u>NPW to PHS</u>	<u>Return on PHS %</u>	<u>NPW to PHS</u>	<u>Return on PHS %</u>
1999	0.5	1.8	1.0	9.4
2000	0.7	-4.2	1.0	2.6
2001	0.8	-1.3	1.2	-6.3
2002	1.0	2.5	1.4	-3.6
2003	0.9	7.2	1.3	12.7
2004	1.1	4.8	1.3	8.1
2005	1.0	6.0	1.2	8.8
2006	1.1	4.8	n/a	n/a
Average	1.0	4.3	1.3	3.9

Selected	1.0	5.0%
-----------------	------------	-------------

**CAMICO Mutual Insurance Company
2006 Rate Filing - Supplemental Data**

PREMIUM TO SURPLUS RATIO

Year	Net Written Premium	Policyholder Surplus	Ratio
1997	15,789,326	24,114,590	65.5%
1998	16,309,156	25,873,262	63.0%
1999	15,105,301	27,733,126	54.5%
2000	17,353,802	26,073,541	66.6%
2001	23,603,390	28,315,998	83.4%
2002	28,744,114	29,211,716	98.4%
2003	29,540,701	31,951,006	92.5%
2004	38,267,256	34,263,894	111.7%
2005	48,741,642	46,702,875	104.4%
2006	55,119,845	50,175,769	109.9%
Average, all years			85.0%
Average, last 5 years			100.0%
Selected			100.0%

CAMICO Mutual Insurance Company
2007 Rate Analysis
Countrywide Loss and Expense Summary

(Dollars x 1,000)	2006		2005		2004		2003		2002		Total All Years	
	Dollars	Ratio	Dollars	Ratio								
End-of Year Policyholder Surplus	50,176		46,703		34,264		31,951		29,212			
Direct Premium Written (S)***	71,475	1.42	65,304	1.40	59,288	1.73	45,227	1.42	36,848	1.26	278,142	
Direct Premium Earned (S)***	69,341	1.38	63,120	1.35	54,421	1.59	40,985	1.28	34,665	1.19	262,532	
Losses Incurred (E)*	22,334	32.2%	20,352	32.2%	23,466	43.1%	20,003	48.8%	15,822	45.6%	101,977	38.8%
Direct Defense & Cost Containment Incurred (E)*	16,649	24.0%	16,700	26.5%	9,591	17.6%	3,425	8.4%	8,054	23.2%	54,419	20.7%
Other & Adjusting Expense	6,137	8.9%	5,787	9.2%	5,067	9.3%	4,055	9.9%	2,842	8.2%	23,889	9.1%
Acquisition Expense												
Direct Commission Expense (W)**	4,780	6.7%	4,237	6.5%	3,507	5.9%	2,333	5.2%	1,631	4.4%	16,488	5.9%
General Expenses (E)*	13,328	19.2%	13,000	20.6%	12,107	22.2%	10,264	25.0%	9,829	28.4%	58,527	22.3%
Licenses, & Fees Incurred (W)**	341	0.5%	281	0.4%	394	0.7%	294	0.6%	234	0.6%	1,544	0.6%
Premium Taxes (W)**	1,703	2.4%	1,628	2.5%	1,511	2.5%	1,160	2.6%	940	2.6%	6,942	2.5%
Total Loss & Expense (E)*	60,115	86.7%	56,828	90.0%	48,204	88.6%	36,792	89.8%	34,462	99.4%	235,858	89.8%
Net Investment Income (W)**	4,985	7.0%	4,424	6.8%	4,472	7.5%	4,184	9.3%	3,426	9.3%	21,491	7.7%
Policyholder Dividend (E)*	1,400	2.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,400	0.5%
Federal Income Tax Incurred (E)*	340	0.5%	1,412	2.2%	612	1.1%	251	0.6%	665	1.9%	3,280	1.2%
Total Direct Operating Return	12,471	18.0%	4,147	6.6%	2,638	4.8%	3,385	8.3%	(1,925)	-5.6%	16,958	6.5%

Acquisition Expense includes commissions, brokerage, field supervision, collection expense and other acquisition costs.

*(E) Ratio based upon Earned Premium

** (W) Ratio base upon Written Premium

*** (S) Ratio based upon End of Year Surplus