

SERFF Tracking Number: ACEH-125807891 State: Arkansas
First Filing Company: ACE American Insurance Company, ... State Tracking Number: EFT \$25
Company Tracking Number: 08-PR-2007535R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: 08-PR-2007535
Project Name/Number: MPL Supplemental Rates and Rules/08-PR-2007535

Filing at a Glance

Companies: ACE American Insurance Company, Westchester Fire Insurance Company
Product Name: 08-PR-2007535 SERFF Tr Num: ACEH-125807891 State: Arkansas
TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed State Tr Num: EFT \$25
Sub-TOI: 17.1019 Professional Errors & Omissions Liability Co Tr Num: 08-PR-2007535R State Status: Fees verified and received
Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Edith Roberts
Authors: Bob Wolfrom, Sharon Yacuzzo, Mary Sindaco Disposition Date: 10/21/2008
Date Submitted: 09/11/2008 Disposition Status: Filed
Effective Date Requested (New): On Approval Effective Date (New):
Effective Date Requested (Renewal): On Approval Effective Date (Renewal):
State Filing Description:

General Information

Project Name: MPL Supplemental Rates and Rules Status of Filing in Domicile: Pending
Project Number: 08-PR-2007535 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 10/21/2008 Deemer Date:
State Status Changed: 10/07/2008
Corresponding Filing Tracking Number:
Filing Description:
The ACE Miscellaneous Professional Liability Insurance program was originally filed in 2005-2006. Due to changes in market conditions and the insurance needs of various professional classes, ACE is making a supplemental filing consisting of:

(1) Revision of the General Rules with regard to the minimum premium rule;

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Liability

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Retaliatory? No
Fee Explanation: 1 Ind. filing @ \$25.00
Per Company: No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ACE American Insurance Company	\$25.00	09/11/2008	22433314
Westchester Fire Insurance Company	\$0.00	09/11/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	10/21/2008	10/21/2008

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	10/07/2008	10/07/2008	Bob Wolfrom	10/13/2008	10/13/2008

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Disposition

Disposition Date: 10/21/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing memorandum	Filed	Yes
Supporting Document	Actuarial Supporting Docs	Filed	Yes
Supporting Document	Rate/Rule Changes RANGE	Filed	Yes
Rate	General Rules	Filed	Yes
Rate	Rating Plan	Filed	Yes
Rate	State Exception Page	Filed	Yes
Rate	Misc. Prof. Liab. Confidence Factors	Filed	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 10/07/2008
Submitted Date 10/07/2008
Respond By Date

Dear Robert Wolfrom, CPCU,

This will acknowledge receipt of the captioned filing.

Please refer to Page 2 of 3 (Ed. 7/2008), I. Extended Reporting Period, which states "The insured can elect the Extended Reporting Period upon payment of the additional premium within thirty (30) days of the effective date of policy termination or non-renewal."

The thirty (30) days reference must be changed to sixty (60) days pursuant to AR Code Anno 23-79-306 (3).

Factors may not be in ranges, but must be specific pursuant to the final rate computation requirements of AR Code Anno 23-67-211 (a)(1) .

Please refer to page 6 and 7, "Comfort Level" Factor. This is not acceptable. Please replace with criteria for each comfort level.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/13/2008
Submitted Date 10/13/2008

Dear Edith Roberts,

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Comments:

Response 1

Comments: 1) State Exception Page – Arkansas has been revised accordingly. Edition date 10/2008 is attached.

2) The Degree of Concern/Confidence Rating Factors will be applied in accordance with the attached Confidence Factor Rating Guidelines which will form part of the underwriting analysis.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
State Exception Page	Page 1	New	
Misc. Prof. Liab. Confidence Factors	Pages 1-6	New	

Sincerely,
Bob Wolfrom, Mary Sindaco, Sharon Yacuzzo

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Rate Information

Rate data does NOT apply to filing.

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	General Rules	Pages 1-3	Replacement	06-PR-104(R)	MPL General Rules-Range (07-08).pdf
Filed	Rating Plan	Pages 1-12	Replacement	06-PR-104(R)	MPL Rating Plan-Range (07-08).pdf
Filed	State Exception Page	Page 1	New		AR MPL State Exception Page (10-08).pdf
Filed	Misc. Prof. Liab. Confidence Factors	Pages 1-6	New		Confidence Rating Factors Guidelines-MPL.pdf

**ACE American Insurance Company
Westchester Fire Insurance Company**

**ACE Advantage
Miscellaneous Professional Liability**

General Rules

SECTION I. GENERAL RULES

A. Contents

This manual contains the rules for the Miscellaneous Professional Liability program.

B. Policy Term

Policies are written for a term of one year. A policy may be extended up to six months beyond the policy expiration date, with the additional premium calculated on a pro-rata basis. For example, an annual policy with an original premium of \$120,000 can be extended one month at an additional premium of $\$120,000 / 12 = \$10,000$.

C. Factors or Multipliers

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

D. Rounding Procedure

1. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five tenths or more of a mill shall be considered one mill, e.g., .1245 = .125.

2. Premium

Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

E. Policy Writing Minimum Premium

1. Policy writing minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason.
2. Apply a minimum premium for each annual period.
3. Minimum premiums are the lowest amounts for which insurance may be written for each full year of coverage.
4. The minimum allowable premium for this program based on the Insured's hazard group:

Hazard Group	Policy Limit of Liability			
	\$ 100,000	\$ 250,000	\$ 500,000	\$1,000,000 or greater
1	\$ 500	\$ 500	\$ 500	\$ 500
2	\$ 500	\$ 500	\$ 750	\$ 750
3	\$ 500	\$ 500	\$ 750	\$ 1,000
4	\$ 500	\$ 750	\$ 1,000	\$ 1,500
5	\$ 750	\$ 1,000	\$ 1,500	\$ 2,500
6	\$ 1,000	\$ 1,500	\$ 2,500	\$ 5,000

State mandated exceptions are presented on the state-exception pages.

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F. Additional Premium Charge

1. Calculation of Premium
 - a. Prorate all changes requiring additional premium.
 - b. Apply the rates and rules in effect on the effective date of the policy, or if the change is made after an anniversary date of the policy, apply the rates and rules in effect on that anniversary date. The additional premium developed is in addition to any applicable policy writing minimum premium.
2. Waiver of Premium
 - a. Additional premiums at or below \$25 may be waived.
 - b. This waiver applies only to that portion of the premium due on the effective date of the policy change.

G. Return Premium Charges

1. Premium Computation
 - a. Compute return premium at the rates used to calculate the policy premium. Compute return premium pro-rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy writing minimum premium.
2. Waiver of premium
 - a. Return premiums of \$25 or less shall be waived.
 - b. This waiver applies only to that portion of the return premium due on the effective date of the policy change.
 - c. Any return premium due the insured must be granted if the insured requests it.

H. Policy Cancellation

1. Pro Rata Cancellation
Calculate return premium pro rata and round to the next higher whole dollar when a policy is canceled.
 - a. At the company's request due to the nonpayment of premium.
 - b. Because the insured no longer has a financial interest in the business operation that is the subject of this insurance.
2. Other than Pro Rata Cancellation
Calculate return premium at 90% of the unearned premium and round to the next higher whole dollar when a policy is canceled at the Insured's request.

I. Extended Reporting Period

The insured can elect the Extended Reporting Period upon payment of the additional premium within thirty (30) days of the effective date of policy termination or non-renewal. We will provide an Extended Reporting Period option for one year at 100% of the original annual premium. We will have the option of providing Extended Reporting Period option of two years at 150% or three years at 200% of the original annual premium.

The Extended Reporting Period premium and term are noted on the Declarations.

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J. Multiple Year Term Modifications

The base rate contemplates an annual policy period. Apply the appropriate factor from the table below based on the desired number of years.

Number of Years	Factor
1	1.00
2	1.50 – 2.25
3	2.25 – 3.50

SECTION II. ELIGIBILITY

Eligible classes of business are included in Appendix A of the Miscellaneous Professional Liability Rating Plan.

SECTION III. COVERAGE FORMS

The appropriate

1. Coverage forms;
2. Optional endorsements;
3. Mandatory endorsements (including those required for use in a particular state, required by other manual rules, or as required by a footnote in the classification table);
4. Other applicable endorsements; and,
5. The Declarations

make up a coverage part.

SECTION IV. RATES

Refer to the ACE Miscellaneous Professional Liability Rating Plan.

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Step 1: Determine Revenue for the Entity

Use fiscal year revenue. If the risk has been in business less than one year, use current or projected revenue figure to determine ratable revenue. Ratable revenues should include 100% of that revenue derived from all covered professional services. Ratable revenues do not include revenue not derived from professional services. If only a portion of professional services are covered, then the corresponding portion of revenue derived from that service should be used to rate the risk. Ratable revenues should include both domestic and non-domestic revenues.

Step 2: Select Hazard Group

We recognize that many service firms provide multiple services or have incidental exposures that may be material. Using the revenue for the three largest professional service categories as weights (as provided by the risk), determine a blended rate based on the hazard group assignments detailed in Appendix A. We have included a miscellaneous service class within each hazard group for multi-service providers with either higher or lower risk than contemplated by the principal service category or the SIC code category.

Step 3: Base Premium Determination

Using the Revenue from Step 1 and the Hazard Group selected in Step 2, develop the base rate from the table below:

Gross Revenue		Tiered Base Rates By Hazard Group - per \$1,000 in Revenue					
		1	2	3	4	5	6
First	\$250,000	8.50	12.00	14.00	20.50	24.00	42.00
Next	\$250,000	5.67	8.00	9.34	13.67	16.01	28.01
Next	\$500,000	2.84	4.00	4.67	6.84	8.01	14.01
Next	\$2,000,000	1.42	2.00	2.34	3.42	4.01	7.01
Next	\$2,000,000	0.95	1.33	1.56	2.28	2.67	4.68
Next	\$5,000,000	0.63	0.89	1.04	1.52	1.78	3.12
Next	\$10,000,000	0.42	0.59	0.69	1.01	1.19	2.08
Next	\$15,000,000	0.28	0.39	0.46	0.67	0.79	1.39
Next	\$15,000,000	0.19	0.26	0.31	0.45	0.53	0.93
Next	\$50,000,000	0.13	0.17	0.21	0.30	0.35	0.62
Next	\$150,000,000	0.09	0.11	0.14	0.20	0.23	0.41

Step 4– Limit/Retention Factor:

Base rates contemplate an aggregate limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. An alternative limit of liability and retention may be selected by the insured. Three separate sets of Increased Limit and Retention factor tables have been produced which vary depending on the hazard group assignment (see Table Guides presented below). Multiply the result of Step 3 by the sum of the factors from the appropriate Increased Limit and Retention Factor tables presented in Appendix B. Exception: Increased Limit and Retention combinations must result in a factor of greater than 0.250.

Hazard Group	Tables
1,2	Appendix B
3,4	Appendix C
5,6	Appendix D

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Step 5: State Modifier

Multiply the base rate determined in Step 4 by the state modifier. See the State Exception Pages for the applicable state modifier.

Step 6: Prior Acts Coverage

Base premiums do not include prior acts coverage. For prior acts coverage, apply the appropriate factor from the following chart based upon the number of years of prior acts coverage provided by the policy to the premium developed in Step 5.

Years of Prior Acts Coverage	Factor
No prior acts	1.00
One year	1.12
Two years	1.20
Three years	1.26
Four or more	1.35

Rating Modifiers

Multiply the result of Step 6 by the rating modifiers from Steps 7 through 12, below. The total rating modifier is the product of the factors selected from the tables below. The application of rating credits/debits requires the maintenance of sufficient support in the underwriting file.

Step 7: Experience Rating Credit/Debit

The Experience Rating adjustment relates to the number and severity of claims made against the insured. The appropriate modification factor is based upon frequency and severity as follows:

Prior Claim Experience	Factor
None	0.75-.89
Minimal	0.90-.99
Cautionary	1.00–1.19
Material	1.20–1.35
Significant	Refer to Company

None	No reported claims in the past 5 years.
Minimal	There are claims/notices reported however there are no claims paid and likelihood of payout on open claims is low.
Cautionary	There are claims reported and reserves have been set or payments made however reserves and payments are within 3% of the policy limit.
Material	Claims are reported and payments have been made or there is a high probability that reserves will be paid out in excess of 3% of the policy limit but are or are likely to be less than 8% of the policy limit.
Significant	Claims are reported and payments have been made or there is a high probability that reserves will be paid out in excess of 8% of the policy limit.

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Step 8: Professional Experience

Select the Professional Experience factor from the table below.

Experience:	Factor
Less than 3 years experience	1.10-1.20
Four to Six years of experience:	1.00-1.09
Seven to 10 years of experience:	.95-.99
11-20 years of experience:	.90-.94
More than 20 years	.85-.89

Step 9: Years in Business

Select the Years in business factor from the table below.

Years In Business	Factor
Less than one year:	1.15-1.25
One to three years:	1.00-1.14
Four to Six years:	.95-.99
Seven to Ten years:	.90-.94
Eleven to Twenty Years:	.85-.89
Over Twenty Years:	.80-.84

Step 10: Use of Written Contracts:

Determine the Risk Modification Factor associated with the written agreement usage characteristics below.

A. Use of Written Contracts

Percentage Use	Hazard Group 1 & 2	Hazard Group 3 & 4	Hazard Group 5 & 6
100%	.90	.90	.90
70-99%	.95	.95	.95
40-69%	1.00	1.00-1.10	1.11-1.20
10-39%	1.01-1.09	1.11-1.20	1.21-1.30
0-9%	1.10-1.20	1.21-1.30	1.31-1.40

B. Quality of Written Contract

	Factor
Low	1.20-1.29
Below Average	1.10-1.19
Average	1.00-1.09
Above Average	.90-.99

Definitions:

- Low: Contract includes assumption of contract liability, damages beyond that legally imposed by law, guarantees or warranties
- Below Average: Indemnities, hold harmless provisions favor client, no description of professional services
- Average: Defines scope of services, mutual hold harmless provisions, utilizes standardized professional services engagement letter.
- Above Average: Define scope of services, mutual hold harmless provisions, limitation of liabilities, addresses duties of parties.

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<u>C. Legal Review</u>	<u>Factor</u>
Contract amendments reviewed by Legal Counsel	.90-.99
Contract amendments not reviewed by Legal Counsel	1.00-1.10

Step 11: Risk Management:

Determine the applicable Risk Management Procedures factor from the table below.

Risk Management Procedures	Factor
Written procedures to ensure compliance with statute or regulatory authorities	.90-1.00
Continuing Education required for all employees	.90-1.00
Formalized in-house training procedures for professional employees	.90-1.00
Business process audit policy and procedures	.90-1.00
Formal Disaster Recovery Plan	.90-1.00

Step 12: Restrictive and Expansive Endorsements

Determine the applicable factor from the table below.

	<u>Factor</u>
One or More Restrictive Endorsements	.90-1.00
One or More Expansive Endorsements	1.00-1.10
One or More Extremely Restrictive Endorsements	.75-.90
One or More Extremely Expansive Endorsements	1.10-1.25

Step 13: Scheduled Rating Modification

Underwriters may use the following scheduled rating modifications based upon risk characteristics not utilized in the prior rating steps. The maximum schedule credit/debit for Step 13, if applicable, is noted on the State Exception page.

Scheduled Rating	Factor
Territory of operations	.90-1.10
Industry Performance	.90-1.10
Use of subcontractor(s)	.90-1.10
Number and complexity of service offerings	.90-1.10
Complexity of organizational structure and number of subsidiaries, joint ventures or other insured organizations.	.90-1.10
Additional Insured's	1.00-1.10
Contingent Bodily Injury/Property Damage Coverage	1.10-1.30
Incident Reporting	1.00-1.25
Industry Regulatory Environment	.90-1.10
Merger and Acquisition Activity	.90-1.10
Balance Sheet Quality	.90-1.10
Income Statement Quality	.90-1.10
Cash Flow Condition	.90-1.10
Notes to Financial Statements	.90-1.10

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Step 14: Expense Modification

The policy premium contemplates a standard allowance for direct commission expense. If direct commission expenses vary from the standard, the premium may be reduced to reflect this difference (e.g., reduced commission paid to agents on net of commission arrangements). The premium may not be increased for additional expense.

OPTIONAL COVERAGES:

Step 15: Optional Coverage Premium Calculation

Privacy Liability, Network Security Liability and Identity Theft Response Fund Coverage

The applicant has the option to purchase, for an additional premium as calculated below, coverage for third-party liability claims arising out of lost computer equipment, network security breaches and identity theft.

The below premium calculation assumes that the limit of liability available to pay privacy and network securities claims will be equal to the policy's per claim/aggregate limit of liability. This extension of coverage is part of the overall policy aggregate limit of liability. Sub-Limits of Liability for the below listed sub-extensions will be determined as a percentage of the limit of liability available to pay Privacy and Network Security Liability claims:

Identity Theft Response Fund (if purchased):	1% of the Privacy LOL
Regulatory Proceeding sub-limit:	5% of the Privacy LOL.

Premium for this optional coverage is calculated as follows:

- A.** Multiply the premium calculated through **Step 12** by the following percentage, based on the level of coverage to be purchased:

Privacy Liability and Network Security Liability	15%
Privacy Liability, Network Security Liability and Identity Theft Response Fund	20%

- B.** Multiply the additional premium calculated in **A.** by the revenue adjustment factor, as calculated below:

$$\text{Revenue Adjustment Factor} = \text{Total Enterprise Revenue} / \text{MPL Ratable Revenue}$$

- C.** Apply the Privacy and Network Security Liability Confidence Modification (as described below) to the premium calculated through **B.** Add the optional coverage premium to the premium calculated through Step 12.

Privacy and Network Security Liability Modification

Most corporate entities capture and retain data from customers, employee, vendors, and other third parties. Privacy exposures arise from the amount and degree of sensitivity of the data that is captured by the applicant (e.g. a client's address vs. a client's social security number). Liability is also created and exacerbated by the quality of the system that has been developed to maintain and protect the sensitive data. The underwriter will analyze the applicant's industry to determine the applicant's macro-exposure to privacy liability claims and its relativity to the assigned MPL hazard group. The underwriter will then evaluate and document the applicant's system management controls, including determining the degree to which the IT department is centralized,

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how outsourced services are evaluated, redundancy risk management (e.g. use of daily backups and mirror sites) and testing protocols of DRP/BCP. The underwriter will also review access controls and data protection (encryption) of all sensitive information and mobile equipment, the applicant's written privacy policy, and its data breach response plan. Last, the underwriter will evaluate the applicant's prior loss experience with network and data breaches. Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the complexity of the applicant's structure and organization and the impact this will have on the severity of future claims the applicant may incur. Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the strength of the applicant's practices and the impact these practices will have on the severity of future claims the applicant may incur. This factor is multiplied times the premium derived in **B**.

<i>Rating</i>	<i>Degree of Concern/Confidence as respect the Complexity Experience of the Entity re: Network Security and Privacy Liability</i>	<i>Comfort Level Factor</i>
1	Confident	0.75 to 0.85
2	Comfortable	0.85 to 1.00
3	Low Concern	1.00 to 1.10
4	Material Concern	1.10 to 1.20
5	High Concern	1.20 to 1.35
6	Very High Concern	1.35 to 1.50

Employed Lawyers Professional Liability (ELPL) Coverage

The applicant has the option to purchase, for an additional premium as calculated below, coverage that provides General Counsel and other in-house attorneys employed by public, private and non-profit entities for claims alleging professional malpractice, including lawsuits initiated by clients, shareholders, employees and other third parties. The below premium calculation contemplate an aggregate limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. This extension of coverage is part of the overall policy aggregate limit of liability.

Premium for this optional coverage is calculated as follows:

A. Multiply the number of employed lawyers by **\$1,500**:

B. Multiply the additional premium calculated in **A.** by the following Ownership Factor:

For-profit, Publicly-traded Entity:	1.15
For-profit, Privately-held Entity:	1.00
Not-for-Profit Entity:	0.90

C. Apply the Employed Lawyers Liability Exposure Confidence Modification (as described below) to the premium calculated through **B**.

Employed Lawyers Liability (ELPL) Exposure Confidence Modification

Generally, the employed lawyers handle general corporate legal matters, including but not limited to, contract negotiations, employment, real estate transactions and contract drafting and review. Usually the higher risk activities, such as Securities and Exchange Commission (SEC) work, intellectual property, tax, litigation, ERISA law is contracted to outside counsel. However, if in-house counsel does any of these activities, the exposure to loss can increase significantly. At the

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same time, in-house attorneys can be held liable for providing legal activities outside of the course and scope of their employment (i.e. pro-bono work or moonlighting activities). The underwriter will also evaluate and document the applicant's employed lawyers risk management practices, including training policies, contract review processes, and loss control processes. Last, the underwriter will evaluate the applicant's prior loss experience related to their employed lawyers. Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the strength of the applicant's practices and the impact these practices will have on the severity of future claims the applicant may incur: The factor is multiplied times the premium derived through **B**.

<i>Rating</i>	<i>Degree of Concern/Confidence as respect the Complexity & Experience of the Entity re: Network Security and Privacy Liability</i>	<i>Comfort Level Factor</i>
1	Confident	0.75 to 0.85
2	Comfortable	0.85 to 1.00
3	Low Concern	1.00 to 1.10
4	Material Concern	1.10 to 1.20
5	High Concern	1.20 to 1.35
6	Very High Concern	1.35 to 1.50

D. Limit/Retention Factor

As noted above, the ELPL rates contemplate a limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. The applicant may purchase a limit of liability for this coverage up to the policy's overall aggregate limit of liability. As such, an alternative limit of liability and retention may be selected by the insured. Multiply the result of **C**. by the sum of the factors from the appropriate Increased Limit and Retention Factor tables presented in Appendix C. Add the optional coverage premium to the premium calculated through Step 12.

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Appendix A - Hazard Groups 1 to 3

Hazard Group 1

Answering Services
Billing Services-Non Medical
Car Title & Tag Services
Color Consultant
Cosmetologists
Court Reporters
Domestic Services
Genealogical Investigative
Handwriting Analysis
Interpreters
Letter Writing
Manicurists
Messengers
Notary Public
Paging Services
Party Planners
Photo & Duplicating Services
Polygraph Analysts
Printing -Non-financial
Resume, Secretarial & Typing
Translators
Welcoming Services
Miscellaneous Service I

Hazard Group 2

Alarm Monitoring Services
Analytical Research and Laboratories
Animal Grooming Services
Auctioneers (Non-Digital)
Bookkeepers
Call Center Services
Career Counseling
Caterers
Claims Adjuster-P/C only
Consumer Services
Convention/Trade Show
Credit Bureaus-Credit Reporting
Debt Counseling
Document/Office Records Destruction
Driving Instructor
Employment Agencies/Staffing - Clerical & Labor
Escrow
Event Planners
Forensic Analysts
Foresters
Funeral Directors
Grants Coordinator
Information Storage/Retrieval (Non-digital)
Interior Design/Space
Investigators
Janitorial Services
Job Counselor
Kennel
Mailing Services
Management Consultant-Strategic
Meeting Planners
Meteorologists
Microfilm Recording
Office Administration
Payroll Services
Tutor
Umpire/Referee
Vocational Counseling
Photo Studios & Duplicating Services
Planner - Non-structural
Process Servers
Real Time Captioners
Recovery Services (Non-digital)
Reservation Services
Seminar Conductors
Speakers/Lectors Bureau
Subscription Fulfillment
Tabulating Service
Tax Preparers
Teleconferencing Services
Trade Show Arrangement
Training Services
Miscellaneous Service II

Hazard Group 3

Adjustment Bureaus
Antique Dealers & Restorers
Appraisers – other
Arbitrators and Mediators
Benefit Plan Consulting
Business Outsourcing Services
Claim Administration
Claims Adjuster - WC, Medical
Collection Agencies
Credit Bureaus-data collection
Credit Investigation
Custom Brokers
Direct Mail Services
Employee Leasing
Employment Agencies/Staffing - Prof./Mgmt
Expert Witness
Facilities Manager
Farm Managers
Forensic Investigators/Analysts
Fulfillment Services
Graphic Designers
Hotel Manager
Library
Loan Servicing/Closing Services - Commercial
Loan Servicing/Closing Services - Consumer
Logistics Providers
Management Consultants - Benefit
Management Consultants - Business Process
Management Consultants - Financial
Management Consultants - Human Resource
Management Consultants - Land Use
Management Consultants - Marketing
Management Consultants - Other
Management Consultants - Professional
Medical Billing
Mortgage Brokers
Paralegal
Project & Contract Management
Property Management
Public Relations Firms
Relocation Agent
Research Consultant
Risk Management Services
Security Services (non-digital)
Surveying/Inspection/Building Services
Telemarketing Services
Third Party Admins excl. Benefits Admins.
Transfer Agents
Travel Agents
Trustees-Asset Dissolution/Distribution
Miscellaneous Service III

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Appendix A - Hazard Groups 4 to 6

Hazard Group 4

Foreclosure Agents
Real Estate Appraiser - Resident.
Real Estate Appraiser -Comm'l
Real Estate Sales - Commercial
Real Estate Sales - Residential
Title Abstractor/Agent
Miscellaneous Service IV

Hazard Group 5

Benefit Plan Admins w/ Ins. Place.
Building Surveyors & Consultants
Credit Card Services
Franchisers
Freight Forwarders
Home Inspection Services
Marine Surveyors
Mortgage Bankers
Premium Finance Company
Printing – Financial
Real Estate Construction Management
Research Organization
Safety Consultants
Structured Settlement Brokers
Testing Laboratories
Ticket Brokers/Agencies
Tour Operators
Trustees- Not Asset Dissolution
Management Consultants-Project Mgmt
Miscellaneous Service V

Hazard Group 6

Business Brokers
Contest Managers
Engineering Consulting
Games Promoters
Health & Allied Services
Lease Brokers
Miscellaneous Service VI

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Appendix B – Hazard Groups 1 and 2

<u>Limit</u>	Increased Limit <u>Factor</u>	<u>Limit</u>	Increased Limit <u>Factor</u>	Claim <u>Retention</u>	Retention <u>Factor</u>
100,000	0.356	25,000,000	2.832	0	0.216
250,000	0.558	26,000,000	2.860	500	0.197
500,000	0.755	27,000,000	2.887	750	0.180
1,000,000	1.000	28,000,000	2.913	1,000	0.167
2,000,000	1.298	29,000,000	2.938	2,000	0.128
3,000,000	1.498	30,000,000	2.962	3,000	0.102
4,000,000	1.652	31,000,000	2.985	5,000	0.063
5,000,000	1.778	32,000,000	3.008	10,000	0.000
6,000,000	1.885	33,000,000	3.030	15,000	-0.043
7,000,000	1.979	34,000,000	3.051	25,000	-0.106
8,000,000	2.062	35,000,000	3.071	35,000	-0.152
9,000,000	2.137	36,000,000	3.092	50,000	-0.206
10,000,000	2.205	37,000,000	3.111	75,000	-0.274
11,000,000	2.267	38,000,000	3.130	100,000	-0.326
12,000,000	2.325	39,000,000	3.148	250,000	-0.519
13,000,000	2.379	40,000,000	3.166	500,000	-0.690
14,000,000	2.429	41,000,000	3.184	750,000	-0.797
15,000,000	2.476	42,000,000	3.201	1,000,000	-0.875
16,000,000	2.520	43,000,000	3.218		
17,000,000	2.562	44,000,000	3.234		
18,000,000	2.602	45,000,000	3.250		
19,000,000	2.639	46,000,000	3.265		
20,000,000	2.675	47,000,000	3.281		
21,000,000	2.709	48,000,000	3.295		
22,000,000	2.742	49,000,000	3.310		
23,000,000	2.773	50,000,000	3.324		
24,000,000	2.803				

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Appendix C – Hazard Groups 3 and 4

<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Claim</u> <u>Retention</u>	<u>Retention</u> <u>Factor</u>
100,000	0.284	25,000,000	4.229	0	0.098
250,000	0.478	26,000,000	4.287	500	0.092
500,000	0.696	27,000,000	4.343	750	0.086
1,000,000	1.000	28,000,000	4.397	1,000	0.081
2,000,000	1.418	29,000,000	4.450	2,000	0.065
3,000,000	1.726	30,000,000	4.501	3,000	0.053
4,000,000	1.977	31,000,000	4.550	5,000	0.035
5,000,000	2.192	32,000,000	4.598	10,000	0.000
6,000,000	2.380	33,000,000	4.644	15,000	-0.026
7,000,000	2.548	34,000,000	4.689	25,000	-0.066
8,000,000	2.701	35,000,000	4.733	35,000	-0.099
9,000,000	2.840	36,000,000	4.775	50,000	-0.138
10,000,000	2.969	37,000,000	4.817	75,000	-0.192
11,000,000	3.089	38,000,000	4.857	100,000	-0.235
12,000,000	3.201	39,000,000	4.896	250,000	-0.412
13,000,000	3.306	40,000,000	4.934	500,000	-0.587
14,000,000	3.405	41,000,000	4.971	750,000	-0.706
15,000,000	3.499	42,000,000	5.008	1,000,000	-0.798
16,000,000	3.588	43,000,000	5.043		
17,000,000	3.672	44,000,000	5.078		
18,000,000	3.753	45,000,000	5.111		
19,000,000	3.830	46,000,000	5.144		
20,000,000	3.903	47,000,000	5.176		
21,000,000	3.974	48,000,000	5.208		
22,000,000	4.041	49,000,000	5.239		
23,000,000	4.106	50,000,000	5.269		
24,000,000	4.169				

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Appendix D – Hazard Groups 5 and 6

<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Claim</u> <u>Retention</u>	<u>Retention</u> <u>Factor</u>
100,000	0.229	25,000,000	5.612	0	0.061
250,000	0.423	26,000,000	5.710	500	0.057
500,000	0.656	27,000,000	5.805	750	0.054
1,000,000	1.000	28,000,000	5.898	1,000	0.051
2,000,000	1.502	29,000,000	5.988	2,000	0.042
3,000,000	1.893	30,000,000	6.076	3,000	0.035
4,000,000	2.223	31,000,000	6.161	5,000	0.023
5,000,000	2.512	32,000,000	6.244	10,000	0.000
6,000,000	2.771	33,000,000	6.326	15,000	-0.019
7,000,000	3.008	34,000,000	6.405	25,000	-0.049
8,000,000	3.226	35,000,000	6.482	35,000	-0.073
9,000,000	3.429	36,000,000	6.558	50,000	-0.105
10,000,000	3.619	37,000,000	6.631	75,000	-0.149
11,000,000	3.798	38,000,000	6.703	100,000	-0.186
12,000,000	3.967	39,000,000	6.774	250,000	-0.344
13,000,000	4.128	40,000,000	6.843	500,000	-0.512
14,000,000	4.281	41,000,000	6.910	750,000	-0.632
15,000,000	4.427	42,000,000	6.977	1,000,000	-0.727
16,000,000	4.566	43,000,000	7.041		
17,000,000	4.700	44,000,000	7.105		
18,000,000	4.829	45,000,000	7.167		
19,000,000	4.953	46,000,000	7.228		
20,000,000	5.072	47,000,000	7.287		
21,000,000	5.187	48,000,000	7.346		
22,000,000	5.298	49,000,000	7.403		
23,000,000	5.406	50,000,000	7.460		
24,000,000	5.511				

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

State Exception Page – Arkansas

The Step 5 State Modifier for Arkansas is 1.000

This base rate contemplates an aggregate limit of \$1,000,000 and a \$10,000 per claim Retention. The minimum limit of liability provided shall be \$1,000,000.

Step 13: Schedule Rating

The maximum total net credit or debit available is -40% or +40%.

Exceptions(s) to the Miscellaneous Professional Liability General Rules:

1. Subsection I, Extended Reporting Period, is amended by deleting the phrase “thirty (30) days” and replacing it with “sixty (60) days”.

ACE ADVANTAGE® MISCELLANEOUS PROFESSIONAL LIABILITY

CONFIDENCE FACTORS AND THEIR MEANING

The ACE Advantage Miscellaneous Professional Liability program includes Confidence Factors for the Privacy and Network Security Liability and Employed Lawyers Professional Liability optional coverage rating stage as a means for underwriters to evaluate multiple objective characteristics and the likelihood that these characteristics will increase the potential for claims under the policy and/or the severity of the claims that ultimately are reported. These confidence factors reflect the underwriter's confidence in the information reviewed and their professional assessment of the risks present. In providing the confidence assessment, the underwriter will provide comprehensive documentation that outlines the risk characteristics reviewed and their impact on the ultimate confidence factor selected.

The six confidence factors are as follows and reflect the following underwriting evaluation:

- **Confident:** The characteristics reviewed present an extremely positive risk, with a negligible likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are superior to similar entities and the entity would be considered a well above average insured.
- **Comfortable:** The characteristics reviewed present a positive risk, with a nominal likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are above average as compared to similar entities and the entity would be considered an above average insured.
- **Low Concern:** The characteristics reviewed present a positive risk, with an average likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are average as compared to similar entities and the entity would be considered an average insured.
- **Material Concern:** The characteristics reviewed present a marginal risk, with an average likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are somewhat below average as compared to similar entities and the entity would be considered a below average insured.
- **High Concern:** The characteristics reviewed present a marginal risk, with a below average likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are poor as compared to similar entities and the entity would be considered a below average insured.
- **Very High Concern:** The characteristics reviewed present a sub-standard risk, with a great likelihood that the characteristics reviewed will create any significant exposure to loss. This factor also represents a risk whose policies, practices and procedures are deficient as compared to similar entities and the entity would be considered a sub-standard insured.

The below documentation explains the items that will be reviewed by the underwriter for each step in the rating plan noted. It also gives an example of what would qualify a risk for a given confidence factor. It should be noted that a lower hazard exposure could raise higher levels of concern because of a mix of characteristics. It is also important to understand that the underwriter may take other information into account in order to determine his/her confidence in the applicant's likelihood to develop loss and impact profitability. The documentation will outline (in detail) any additional information used in the underwriting evaluation.

PRIVACY AND NETWORK SECURITY LIABILITY

In determining the appropriate confidence level, the underwriter will take the following risk characteristics into account and will provide the comprehensive documentation as to justify the chosen confidence factor:

Type of Operations: Most professional operations are performed with the use of confidential or proprietary information provided by a customer, employee, vendor, or other third parties. This exposes firms to security breaches from individuals looking to steal sensitive, confidential data that can be used for illicit activities (e.g. fraudulent activities related to identity theft). The degree to which these exposures exist is largely based on the client profile of the professional firm and the amount of sensitive information that must be collected, created and/or maintained by the professional. For example, financial institutions such as mortgage banks or brokers are required to collect and retain extremely sensitive information about their clients (such as social security numbers, income and tax data, etc.). On the contrary, a risk management/safety consultant does not traditionally require a significant amount of a client's confidential data in order to effectively perform their services. The underwriter will determine the appropriate level of confidence that indicates the exposure to possible loss as it relates to the firm's operations and the nature of the data retained.

Degree of Data Sensitivity: Privacy exposures arise from the amount and degree of sensitivity of the data that is captured by the applicant (e.g. a client's address vs. a client's social security number).

Quality of the Risk Management and Loss Control Processes related to network security: Liability is also created and exacerbated by the quality of the system that has been developed to maintain and protect the sensitive data. The underwriter will then evaluate and document the applicant's system management controls, including determining the degree to which the IT department is centralized, how outsourced services are evaluated, redundancy risk management (e.g. use of daily backups and mirror sites) and testing protocols of DRP/BCP. The underwriter will also review access controls and data protection (encryption) of all sensitive information and mobile equipment, the applicant's written privacy policy, and its data breach response plan.

Loss Experience History (as it relates to Privacy and Network Security): The underwriter will evaluate the applicant's prior loss experience with network and data breaches. The underwriter's assessment will be based on a thorough analysis of the applicant's loss history and experience, from both a perspective of frequency and severity. A large number of claims made against the applicant (frequency) and/or the existence of severe past losses can be an indication of future claims trends and the underwriter's confidence in this likelihood will be dictated by the patterns that are present.

Typical Characteristics at each Confidence Level:

Confidence Level	Underwriting Factors used for Confidence Analysis			
	Type of Operations	Degree of Data Sensitivity	Quality of Risk Management/LC	Loss History
Confident	Professional Classes that maintain little or no confidential information from our about third parties.	No Sensitive Data Collected or Retained	No external access to data and extremely strong (and verifiable) controls and port protections in place.	No Claims reported in past 5 Years
Comfortable	Professional Classes that maintain a minimal amount confidential information from our about third parties.	Data is collected, but it is considered to be relatively benign (e.g. general information about age, income level, etc.)	Very restricted external access to data and extremely strong (and verifiable) controls in place.	Less than one (1) claim reported per year over the past 5 years/ Largest claims average less than \$15,000 in total loss.
Low Concern	Professional Classes that maintain sensitive information from our about third parties.	Data collected is somewhat sensitive (e.g. home address, birthdates), but are not considered to be proprietary or confidential	Restricted external access to data and good controls in place.	An average of 1.5 to 2 claims reported per year over the past 5 years/ Largest claims average less than \$50,000 in total loss.
Material Concern	Professional Classes that maintain very sensitive information from our about third parties.	Data collected is both sensitive and confidential and could create a higher than expected exposure to theft or hacking crimes	Poorly protected external access to Insured's systems and marginal controls in place.	An average of 2 to 2.5 claims reported per year over the past 5 years/ Largest claims average less than \$100,000 in total loss.
High Concern	Professional Classes that maintain extremely sensitive information from our about third parties.	Data collected is both very sensitive and confidential and could create a significantly high exposure to theft or hacking crimes	Minimal protections in place and a significant amount of ports to access the Insured's systems and poor controls in place.	An average of 2.5 to 3 claims reported per year over the past 5 years/ Largest claims average less than \$250,000 in total loss.
Very High Concern	Professional Classes that maintain extremely sensitive information from our about third parties. They will also maintain proprietary data	Data collected is both extremely sensitive and confidential. The information maintained in the Insured's systems could be unique and proprietary, This could create a significantly high exposure to theft or hacking crimes	No protections in place and a significant amount of ports to access the Insured's systems and sub-standard controls in place.	An average of more than 3 claims reported per year over the past 5 years/ Largest claims average more than \$250,000 in total loss.

It should be noted that a lower hazard exposure could raise higher levels of concern because of a mix of characteristics. So a Market Research operation (a low risk operations -- Confident) could be assessed to be a Material Concern risk if the firm maintains highly sensitive data about a third party client or third party's clients, and their network controls and protections are considered to be sub-standard. The underwriter may have increased confidence in a higher hazard risk if there is mitigating characteristics. For example, a mortgage banker (High to Very High) could be rated as a "Low Concern" if the risk has no external entry ports (i.e. the system is accessible to employees or "insiders" only) and the data is protected with very sophisticated encryption software.

EMPLOYED LAWYERS PROFESSIONAL LIABILITY

In determining the appropriate confidence level, the underwriter will take the following risk characteristics into account and will provide the comprehensive documentation as to justify the chosen confidence factor.

Industry-specific Characteristics: The legal, regulatory and emerging nature of the industry an Insured is operating in will have significant impact on exposure to claims against the inside counsel. Claims can be brought against the firm's corporate counsel by regulators, state attorneys general, competitors, vendors and persons or entities that feel they have been harmed by the professional legal activities of the in-house counsel. Financial institutions and highly-regulated industries (such healthcare, utilities, etc.) and firms that are considered to be emerging technology firms (e.g. high-tech or bio-tech firms) present greater exposure than a "brick-and-mortar" manufacturer or service provider. The underwriter will assess the industry based on these criteria and assign a confidence factor that correlates to the exposure presented by the nature of the industry group.

Professional Activities of the Employed Lawyers: Employed lawyers handle general corporate legal matters, including but not limited to, contract negotiations, employment, real estate transactions and contract drafting and review. Usually the higher risk activities, such as Securities and Exchange Commission (SEC) work, intellectual property, tax, litigation, ERISA law is contracted to outside counsel. However, if in-house counsel does any of these activities, the exposure to loss can increase significantly. At the same time, in-house attorneys can be held liable for providing legal activities outside of the course and scope of their employment (i.e. pro-bono work or moonlighting activities).

Quality of the Risk Management and Loss Control Processes: Liability is also created and exacerbated by the sophistication of the corporate systems and operations as it relates to their legal departments. Training attorneys on corporate best practices and compliance, as well as strong monitoring activities will have a significant impact on the possibility of loss and the magnitude of loss. The underwriter will also evaluate and document the applicant's employed lawyers risk management practices, including training policies, contract review processes, and loss control processes.

Loss Experience History (as it relates to Privacy and Network Security): The underwriter will evaluate the applicant's prior loss experience with network and data breaches. The underwriter's assessment will be based on a thorough analysis of the applicant's loss history and experience, from both a perspective of frequency and severity. A large number of claims made against the applicant (frequency) and/or the existence of severe past losses can be an indication of future claims trends and the underwriter's confidence in this likelihood will be dictated by the patterns that are present.

Typical Characteristics at each Confidence Level:

Confidence Level	Underwriting Factors used for Confidence Analysis			
	Industry-Specific Characteristics	Professional Activities of the Employed Lawyers	Quality of Risk Management/LC	Loss History
Confident	Industry is minimally regulated / Operations are considered to be “brick-and-mortar” / No issues related to intellectual property or patent rights	Employed lawyers handle very basic general corporate legal matters, but most of legal activities are performed by outside counsel/ No Pro-Bono or Moonlighting Activity	Superior and well-documented training policies, contract review processes, and loss control processes in place.	No Claims reported in past 5 Years
Comfortable	Industry is minimally regulated / Operations are predominately “brick-and-mortar” but there may be some innovative activity/ No issues related to intellectual property or patent rights	Employed lawyers handle very basic general corporate legal matters, and some of the more complex activities (e.g. contract drafting and review) are performed by outside counsel/ No Pro-Bono or Moonlighting Activity	Very strong and well-documented training policies, contract review processes, and loss control processes in place.	Less than one (1) claim reported per year over the past 5 years/ Largest claims average less than \$15,000 in total loss.
Low Concern	Industry is regulated to some degree by the state of domicile / Operations are predominately “brick-and-mortar” but there may be some innovative activity/ No issues related to intellectual property or patent rights	Employed lawyers handle general corporate legal matters, including but not limited to, contract negotiations, employment, real estate transactions and contract drafting and review./ Some Pro-Bono or Moonlighting Activity	Strong and well-documented training policies, contract review processes, and loss control processes in place.	An average of 1.5 to 2 claims reported per year over the past 5 years/ Largest claims average less than \$50,000 in total loss.
Material Concern	Industry is regulated by the state of domicile, but limited federal regulation / Operations involve new, emerging or innovative activity with some “brick-and-mortar” activities/ Risk has exposure to intellectual property or patent rights litigation	Employed lawyers handle general corporate legal matters. They also have some engagement in higher risk activities (e.g. SEC, intellectual property, tax, litigation, and court appearances), However, most of the high risk activities are contracted to outside counsel/ Pro-Bono or Moonlighting Activity allowed and at the direction of the firm	Good and Documented training policies, contract review processes, and loss control processes in place.	An average of 2 to 2.5 claims reported per year over the past 5 years/ Largest claims average less than \$100,000 in total loss.

Underwriting Factors used for Confidence Analysis				
Confidence Level	Industry-Specific Characteristics	Professional Activities of the Employed Lawyers	Quality of Risk Management/LC	Loss History
High Concern	Industry is regulated by the state of domicile and the federal government / Operations involve new, emerging or innovative activity with minimal “brick-and-mortar” activities/ Risk has exposure to intellectual property or patent rights issues	Employed lawyers handle general corporate legal matters. They also engage in higher risk activities and use outside counsel on a limited basis./ Pro-Bono or Moonlighting Activity allowed and at the direction of the firm	Training policies, contract review processes, and loss control processes in place that are marginal and poorly documented	An average of 2.5 to 3 claims reported per year over the past 5 years/ Largest claims average less than \$250,000 in total loss.
Very High Concern	Industry is highly regulate by federal, state and local governments / Operations involve new, emerging or innovative activity Risk has significant exposure to intellectual property or patent rights issues.	Employed lawyers handle general corporate legal matters. They also engage in higher risk activities and engage outside counsel on rare occasions. Also, employed lawyers may be used to represent customers of the firm in legal actions against the client./ Pro-Bono or Moonlighting Activity allowed and at the direction of the firm	No Training policies, contract review processes, and loss control processes in place.	An average of more than 3 claims reported per year over the past 5 years/ Largest claims average more than \$250,000 in total loss.

It should be noted that a lower hazard exposure could raise higher levels of concern because of a mix of characteristics. So a Management Consulting firm (a low risk industry -- Confident) could be assessed to be a Material Concern risk if the firm is publicly-traded and the firm’s in-house attorneys draft and approve SEC and other public documentation. The underwriter may have increased confidence in a higher hazard risk if there is mitigating characteristics. For example, a mortgage banker (financial institution -- High to Very High) could be rated as a “Confident” if the attorneys contract out the complex operations and only manages the firm’s day-to-day legal affairs, and the risk has never had a claim.

SERFF Tracking Number: ACEH-125807891 State: Arkansas
 First Filing Company: ACE American Insurance Company, ... State Tracking Number: EFT \$25
 Company Tracking Number: 08-PR-2007535R
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: 08-PR-2007535
 Project Name/Number: MPL Supplemental Rates and Rules/08-PR-2007535

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 10/21/2008

Comments:

Attachment:

AR NAIC Transmittal.pdf

Bypassed -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 10/21/2008

Bypass Reason: N/A

Comments:

Satisfied -Name: NAIC loss cost data entry document **Review Status:** Filed 10/21/2008

Comments:

Attachment:

ARRFARF1.pdf

Satisfied -Name: Filing memorandum **Review Status:** Filed 10/21/2008

Comments:

Attachments:

Filing Memo 08-PR-2007535 (ROS) RR.pdf

MPL Reference State Filing Numbers.pdf

Satisfied -Name: Actuarial Supporting Docs **Review Status:** Filed 10/21/2008

Comments:

Attachments:

New Optional Cov Rates Justification.pdf

SERFF Tracking Number: ACEH-125807891 *State:* Arkansas
First Filing Company: ACE American Insurance Company, ... *State Tracking Number:* EFT \$25
Company Tracking Number: 08-PR-2007535R
TOI: 17.1 Other Liability - Claims Made Only *Sub-TOI:* 17.1019 Professional Errors & Omissions
Liability
Product Name: 08-PR-2007535
Project Name/Number: MPL Supplemental Rates and Rules/08-PR-2007535
Profit Provision - Arkansas 2007.pdf

SERFF Tracking Number: ACEH-125807891 State: Arkansas
First Filing Company: ACE American Insurance Company, ... State Tracking Number: EFT \$25
Company Tracking Number: 08-PR-2007535R
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: 08-PR-2007535
Project Name/Number: MPL Supplemental Rates and Rules/08-PR-2007535

Satisfied -Name: Rate/Rule Changes RANGE **Review Status:** Filed 10/21/2008
Comments:
Attachments:
MPL General Rules-Range (07-08)(R).pdf
MPL Rating Plan-Range (07-08)(R).pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table style="width: 100%; border: none;"> <tr> <td style="border: none;">New Business</td> <td style="border: none; width: 100px;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
ACE USA	626

4. Company Name(s)	Domicile	NAIC #	FEIN #
ACE American Insurance Company	PA	22667	95-2371728
Westchester Fire Insurance Company	NY	21121	13-5481330

5. Company Tracking Number	08-PR-2007535
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Robert Wolfrom	Sr. Regulatory Specialist	215.640.5123	215.640.4986	robert.wolfrom@ace-ina.com

7. Signature of authorized filer	<i>Robert E. Wolfrom</i>
8. Please print name of authorized filer	Robert Wolfrom

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

9.	Type of Insurance (TOI)	17.1 Other Liability
10.	Sub-Type of Insurance (Sub-TOI)	17.1019 professional Errors & Omissions Liability
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	MPL Supplemental
13.	Filing Type file and use	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" 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: On approval Renewal: On approval

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	
17.	Reference Organization # & Title	
18.	Company's Date of Filing	
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved
20.	This filing transmittal is part of Company Tracking #	08-PR-2007535
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

The ACE Miscellaneous Professional Liability Insurance program was originally filed in 2005-2006. Due to changes in market conditions and the insurance needs of various professional classes, ACE is making a supplemental filing consisting of:

- (1) Revision of the General Rules with regard to the minimum premium rule;
- (2) Revision of the General Rules to allow for multi-year policies; and
- (3) Amended Rating Rules to allow for the addition of two optional coverages that may be endorsed to the existing coverage

The attached documentation provides an explanation of the rate impact associated with revised endorsement, as well as the revised General Rules and Rating Plan. Marked up versions of the revised rules and rating plan are provided for your reference.

Rates and rules were originally filed under company filing number 06-PR-104. Please refer to the attached Reference Filing Numbers exhibit for prior state filing numbers, if applicable.

A. General Rules

The General Rules have been amended as following:

- (1) Section E., Policy Writing Minimum Premium, subject 4 has been deleted and replaced with a revised table that outlines the minimum premiums based on the hazard group of the Insured's professional activities and the limits of liability purchased. This revision was made to reflect the fact that the basic costs associated with underwriting, processing and managing risks increase in relation to the degree of hazard and claims potential associated with the risk being insured. At the same time, these costs increase based on the limit of liability purchased by the Insured. The revised table reflects these differences and present a fairer representation of the minimum premium necessary to provide the appropriate level of coverage to the Insured.
- (2) Section J., Multi-Year Term Modification has been added to the General Rules. This new rule provides the pricing guidelines when the Insured purchases a two or three year policy with a reinstated annual aggregate limit of liability.

B. Rating Plan

The Rating Rules for the ACE Advantage[®] Miscellaneous Professional Liability policy have been modified with the addition of Step 15 to the currently filed plan. This step allows the underwriter to rate and quote two optional coverages which can be then endorsed to the ACE Advantage[®] Miscellaneous Professional Liability policy:

- (1) **Privacy and Network Security Liability:** The applicant has the option to purchase, for an additional premium as calculated below, coverage for third-party liability claims arising out of lost computer equipment, network security breaches and identity theft.
- (2) **Employed Lawyers Professional Liability:** The applicant has the option to purchase, for an additional premium as calculated below, coverage that provides General Counsel and other in-house attorneys employed by public, private and non-profit entities for claims alleging professional malpractice, including lawsuits initiated by clients, shareholders, employees and other third parties.

22.	<p>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]</p>
	<p>Check #: EFT Amount: 25.00</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>

FORM RF-1 Rate Filing Abstract NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	08-PR-2007535
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/Item Filing Number	
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		Company Name	Company NAIC Number	
3.	A.	ACE American Ins. Co.; Westchester Fire Ins. Co.	B.	22667; 21121

		Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Business (i.e., Sub-type of Insurance)	
4.	A.	Other Liability	B.	17.1 Other liability - Claims Made Only

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	(D) Expected Loss Ratio	FOR LOSS COSTS ONLY			
				(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Other Liability	N/A	N/A					
TOTAL OVERALL EFFECT	N/A	N/A	.721				

6. 5 Year History Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
N/A	New Program	No	Experience	available			

7.

Expense Constants	Selected Provisions
A. Total Production Expense	17.5%
B. General Expense	4.0%
C. Taxes, Licenses & Fees	2.5%
D. Underwriting Profit & Contingencies	(8.2)%
E. Other (explain)	
F. TOTAL	15.8 %

- 8.** Y Apply Loss Cost Factors to Future filings? (Y or N)
9. _____ Estimated Maximum Rate Increase for any Insured (%) Territory (if applicable): _____
10. _____ Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

ACE GROUP OF INSURANCE COMPANIES

ACE American Insurance Company Westchester Fire Insurance Company

ACE Advantage[®] Miscellaneous Professional Liability Policy

Explanatory Memorandum Rates Rules

The ACE Miscellaneous Professional Liability Insurance program was originally filed in 2005-2006. Due to changes in market conditions and the insurance needs of various professional classes, ACE is making a supplemental filing consisting of:

- (1) Revision of the General Rules with regard to the minimum premium rule;
- (2) Revision of the General Rules to allow for multi-year policies; and
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A. General Rules

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- (1) Section E., Policy Writing Minimum Premium, subject 4 has been deleted and replaced with a revised table that outlines the minimum premiums based on the hazard group of the Insured's professional activities and the limits of liability purchased. This revision was made to reflect the fact that the basic costs associated with underwriting, processing and managing risks increase in relation to the degree of hazard and claims potential associated with the risk being insured. At the same time, these costs increase based on the limit of liability purchased by the Insured. The revised table reflects these differences and present a fairer representation of the minimum premium necessary to provide the appropriate level of coverage to the Insured.
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- (1) **Privacy and Network Security Liability:** The applicant has the option to purchase, for an additional premium as calculated below, coverage for third-party liability claims arising out of lost computer equipment, network security breaches and identity theft.
- (2) **Employed Lawyers Professional Liability:** The applicant has the option to purchase, for an additional premium as calculated below, coverage that provides General Counsel and other in-house attorneys employed by public, private and non-profit entities for claims alleging professional malpractice, including lawsuits initiated by clients, shareholders, employees and other third parties.

State Filing Numbers for Prior Miscellaneous Professional Liability Filings & Effective Date

State	Form Filing 06-PR-104(F)	Rate Rule 06-PR-104(R)
AK		
AL	06/15/06	04/26/06
AR	06/15/06	06/15/06
AZ	Drawer Filing 06/15/06	Drawer Filing 06/15/06
CA	AAI #06-2889, WFI #06-2890 06/28/06	
CO	06/15/06	
CT	48091 07/27/06	
DC	24801 04/21/06	06/23/06
DE	06/15/06	
FL	FCC 06-05559 06/23/06	FCC 06-05753 06/29/06
GA	07/26/06	08/01/06
HI	HIB# 113064 07/26/06	
IA	143645 06/15/06	11/13/06
ID	06/15/06	
IL	07/06/06	
IN	07/21/06	07/21/06
KS		
KY	2006-003149-F 06/15/06	2006-003148-R 05/25/06
LA		
MA	100211 07/05/06	100217 07/05/06
MD	07/19/06	07/28/06 (Closed under competitive rating law)
ME	6P2N7Q771 06/15/06	6P2NAH215 06/15/06
MI	138934 Exempt – Drawer Filing 06/02/06	138937 deemed 06/02/06
MN	Drawer Filing	Drawer Filing
MO	06/26/06	
MS	07/25/06	
MT	PC19983 06/26/06	08/03/06
NC	AAI forms PC093096 08/22/06 WFI forms PC093097 08/22/06	AAI rules PC09395 08/22/06 WFI rules PC093094 08/22/06
ND	06/14/06	
NE	06-1231 and 06-1226 04/21/06	
NH	866-CLM6-7/13/06 09/07/06	626-PLLEO-7/17/06 07/27/06
NJ	Exempt – on exportable list. Drawer Filing 06/15/06.	
NM		
NV	06/15/06	Drawer Filing
NY		
OH	(AAI) PCD# 171364, (WFI) PCD # 171365 06/15/06	
OK	#06-2150C 06/15/06	#06-2151C 06/15/06
OR	CO 0801 06 06/16/06	
PA	A96610001 07/18/06	A96656001 06/15/06
RI		
SC	06/15/06	
SD		
TN	08/30/06	08/30/06
TX	08/23/06	08/23/06
UT	06/15/06	
VA		
VT		
WA	07/31/06	07/15/06
WI	129694 05/24/06	129735 04/24/06
WV	60426015 06/15/06	
WY		

New Optional Coverages Rating Justification

There are no competitive filings as Privacy Protection and Employed Lawyers Professional Liability are lines of insurance that have been in the market for less than ten years and are traditionally written non-admitted. The rates for these optional coverages are based on underwriting judgment. Below are explanations as to our underwriting justifications for the rates being charged.

- The Privacy, Network Security Liability and Identity Theft Respond Fund insurance provides coverage for the enterprise for its third-party exposures to security breaches to its computer networks and loss or theft of third-party confidential information. The 15% base charge for the privacy and network security liability coverage reflects the underwriting expectations associated with the increase in claim frequency and severity of those claims because of the expanded coverage. An additional 5% is charged to the applicant in order to include the Identity Theft Response Fund, a special coverage that provides funds to the insured to immediately implement loss control and crisis management measures to mitigate loss to third-party clients or vendors due to insured's negligent loss of confidential information that could be used to usurp such persons' identity and use it for fraudulent activity. Finally, since Miscellaneous Professional Liability is rated using "rateable revenues" (i.e. the revenue directly associated with the professional services being insured), the base premium needs to be adjusted to reflect the enterprise-wide exposure related to privacy liability. The additional premium generated accurately reflects the expected increase in claims activity due to the broadening of coverage beyond the scope of the basic policy.
- The Employed Lawyers Professional Liability insurance provides coverage to an entity's in-house counsel (including the general counsel and staff attorneys) for their professional liability that arise out of legal activities and services performed on behalf of the entity. The base rate of \$1,500 per attorney reflects the underwriting expectations associated with the increase in claim frequency and severity of those claims because of the expanded coverage. This is adjusted based on the ownership structure of the entity. Due to the obligations of in-house counsel imposed by federal and state securities laws, a debit is applied to the base rate for public companies to reflect the increase in loss potential from activities that may impact the public shareholders of the firm. Conversely, not-for-profit entities have very limited exposure related it staff attorneys' activities. To this end, the base rate is credited to reflect this. The additional premium generated accurately reflects the expected increase in claims activity due to the broadening of coverage beyond the scope of the basic policy.

Other Liability - Claims Made
Development of Expense Provisions and Permissible Loss Ratio
ACE Consolidated

	Direct IEE Data in (000) - ACE Consolidated				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>	
(1) Written Premium	2,274,341	2,447,968	2,589,778	7,312,087	
(2) Earned Premium	2,229,024	2,287,724	2,393,865	6,910,613	
(3) Commission & Brokerage Fees	211,607	202,981	216,867	631,455	
(4) Other Acquisition Expense	53,039	48,991	50,971	153,001	
(5) General Expense	97,147	100,488	86,406	284,041	
(6) Taxes, Licenses, and Fees	36,874	45,952	46,492	129,318	
(7) Unallocated LAE	120,188	155,720	151,603	427,511	
(8) Allocated LAE	385,952	272,801	638,719	1,297,472	
				<u>Average</u>	<u>Selected</u>
(3)/(1) Commission & Brokerage Fees	9.3%	8.3%	8.4%	8.6%	15.0%
(4)/(2) <u>Other Acquisition Expense</u>	2.4%	2.1%	2.1%	2.2%	<u>2.5%</u>
Total Production Expense					17.5%
(5)/(2) General Expense	4.4%	4.4%	3.6%	4.1%	4.0%
(6)/(1) Taxes, Licenses, and Fees	1.6%	1.9%	1.8%	1.8%	2.5%
(7)/(2) Unallocated LAE	5.4%	6.8%	6.3%	6.2%	N/A
(8)/(2) Allocated LAE	17.3%	11.9%	26.7%	18.8%	N/A
					Expense Provision 24.00%
					Pre Tax Profit Provision - Target 5.0%
					<u>Investment Income Recognition</u> -13.2%
					Pre Tax Profit Provision - Net of Inv Inc -8.2%
					Permissible Loss and LAE Ratio 84.2%
					1.188

ACE
Other Liability - Claims Made
Estimated Investment Earnings

A. Unearned Premium Reserve				
A1.	Direct Earned Premium (for this line, from the IEE)	CY =	2006	2,393,865,000
A2.	Mean Unearned Premium Reserve		(Sheet 2)	1,157,665,212
A3.	Deduction for Prepaid Expenses		(Exhibit 1 Sheet 1)	
	a.) Commission and Brokerage Expense			15.0%
	b.) 50% of Other Acquisition Expense			1.3%
	c.) 50% of General Expense			2.0%
	d.) Taxes, Licenses, and Fees			2.5%
	e.) <u>Profit and Contingencies</u>			<u>5.0%</u>
	f.) Total Prepaid Expense			25.8%
A4.	Deduction for Federal Income Tax Payable		(Exhibit 2 Sheet 2)	7.0%
A5.	Net Subject to Investment		[A2 x (1.0 - A3f - A4)]	778,529,855
B. Delayed Remission of Premium (Agent's Balances)				
B1.	Direct Earned Premium (for this line, from the IEE)			2,393,865,000
B2.	Ratio, Agents Uncoll Prem Balances to Dir Earned Prem		(Exhibit 2 Sheet 2)	24.0%
B3.	Delayed Remission		[B1 x B2]	574,415,969
C. Loss Reserve				
C1.	Direct Earned Premium (for this line, from the IEE)			2,393,865,000
C2.	Expected Loss and LAE Incurred		[C1 x ELR on Exhibit 2 Sheet 3]	1,699,644,150
C3.	Expected Mean Loss Reserve		[C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3]	6,076,081,833
D.	Reserve Funds Subject to Investment		[A5 - B3 + C3]	6,280,195,719
E.	Average Rate of Return on Investments - After FIT		(Sheet 5)	3.3%
F.	Investment Earnings on Reserve Funds - After FIT		[D x E]	205,015,256
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT		[F / A1]	8.56%
H.	Investment Earnings on Reserve Funds as a % of Premium - Before FIT		[G / .65]	13.18%
I.	P/S - Premium to Surplus Ratio		(Sheet 6)	1.022
J.	E/S - Equity to Surplus Ratio		(Sheet 6)	1.110
K.	Surplus Funds Subject to Investment		[A1 / I]	2,341,955,303
L.	Equity Funds Subject to Investment		[K x J]	2,599,502,928
M.	Investment Earnings on Equity Funds - After FIT		[L x E]	84,860,056
N.	Investment Earnings on Equity Funds as % of Premium - After FIT		[M / A1]	3.5%
O.	Investment Earnings on Equity Funds as % of Premium - Before FIT		[N / .65]	5.5%
P.	Target Total Return as % of Equity - After FIT		(Sheet 7)	8.2%
Q.	Target Total Return as % of Premium - After FIT		[P x J / I]	8.9%
R.	Target Total Return as % of Premium - Before FIT		[Q / .65]	13.6%
S.	Target UW Profit as % Premium - Net of all II - After FIT		[Q - G - N]	-3.3%
T.	Target UW Profit as % Premium - Net of all II - Before FIT		[S / .65]	-5.0%

ACE
Other Liability - Claims Made
Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves

Line A2

The mean unearned premium reserve is determined by multiplying the direct earned premium in line A1 by the ratio of the mean unearned premium reserve to the direct earned premium for the above

		<u>IEE Amount</u> <u>For the Above Line</u>
1)	Direct Earned Premium CY = 2006	2,393,865,000
2)	Direct Unearned Premium Reserve as of 12 / 31 / 2006	1,255,555,000
3)	Direct Unearned Premium Reserve as of 12 / 31 / 2005	1,059,775,424
4)	Mean Unearned Premium Reserve: $.5 \times [(2) + (3)]$	1,157,665,212

Line A4

The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. The effective tax rate on UPR is calculated as follows:

Corporate Tax Rate	35.0%
Portion of Unearned Premium Taxable under TRA 1986	20.0%
Effective Tax Rate on Unearned Premium Reserve	7.0%

Line B2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. The ratio of agents' uncollected premium balances to net earned premium is calculated as follows:

		<u>ACE Consolidated</u> <u>Ann Statement Amt</u>
1	Net Earned Premium - Total All Lines CY = 2006	4,556,582,473
2	Net Agent's Balances (Net Admitted) as of 12 / 31 / 2006	1,207,124,679
3	Net Agent's Balances (Net Admitted) as of 12 / 31 / 2005	979,609,943
4	Ratio: $[(2) + (3)] / [2.0 \times (1)]$	0.240

ACE
Other Liability - Claims Made

Explanatory Notes
Estimated Investment Earnings On Unearned
Premium Reserves And Loss Reserves

Line C2

The expected loss and loss adjustment expense incurred is determined by multiplying the direct earned premium by the expected loss and loss adjustment expense ratio determined below.

1 General Expenses	(Exhibit 1 Sheet 1)	4.00%
2 Commission and Brokerage Expenses		15.00%
3 Other Acquisition Expenses		2.50%
4 Taxes, Licenses, & Fees		2.50%
<u>5 Profit & Contingencies</u>		<u>5.00%</u>
6 Total Expense Ratio:		29.00%
7 Expected Loss and LAE Ratio: 1.00 - (6)		71.00%
8 Direct Earned Premium	Cal Yr 2006	2,393,865,000
9 Expected Loss and LAE Incurred (7) x (8)	Cal Yr 2006	1,699,644,150

Line C3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line C2 by the IEE ratio of the mean loss and loss adjustment expense reserves to the loss and loss adjustment expense incurred in the last 2 calendar years for the above named line of business. This ratio, which includes an adjustment for the estimated Federal Income Tax payable due to discounting of loss reserves, as required by the Tax Reform Act of 1986, is based on the following:

		<u>IEE Amount for the Above Line</u>
1 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2006	1,807,813,000
2 Direct Loss and Loss Adjustment Expense Incurred	Cal Yr 2005	2,050,634,363
3 Direct Loss and Loss Adjustment Expense Reserves	Year End 2006	7,689,090,000
4 Direct Loss and Loss Adjustment Expense Reserves	Year End 2005	7,162,847,514
5 Direct Loss and Loss Adjustment Expense Reserves	Year End 2004	6,518,130,000
6 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2006	7,425,968,757
7 Mean Loss and Loss Adjustment Expense Reserve	Cal Yr 2005	6,840,488,757
8 Pre Tax Reserve Ratio: (6) / (1)		4.108
9 Pre Tax Reserve Ratio: (7) / (2)		3.336
10 Mean Pre Tax Reserve Ratio: 0.5 x [(8) + (9)]		3.722
11 Estimated Reserve Discount - Sheet 4		0.113
12 Federal Taxes (ratio to reserves): (11) x 0.35		0.039
13 After Tax Reserve Ratio (10) x [1.0 - (12)]		3.575

ACE Consolidated - Annual Statement - Schedule P
Other Liability - Claims Made
Calculation of Reserve Discount
Data in (000's)

<u>Year</u>	(1) Net Loss & Expense <u>Unpaid</u>	(2) Reserve Discount <u>Factor</u>
Prior	20,518	0.88205
1997	1,771	0.88815
1998	3,020	0.87131
1999	1,459	0.88401
2000	(946)	0.87980
2001	21,600	0.87412
2002	58,531	0.86494
2003	67,523	0.86812
2004	85,221	0.86532
2005	306,939	0.87450
2006	<u>314,643</u>	<u>0.91534</u>
	880,279	0.88728 = Average
		0.11272 = 1.00 - Average

(1) ACE Consolidated Annual Statement, Schedule P, Part 1, Column 24
(2) Internal Revenue Bulletin 2005-49, December 5, 2005

ACE Consolidated
Calculation of Average After Tax Rate of Return
2006

<u>Assets Available for Investment</u>	(1) Average of Latest 2 Year Ends Asset Value	(2) Interest & Dividend Income	(3) Net Interest and Dividends (2) x (1 + a)	(4) Pre-Tax Return (3)/(1)	(5) Federal Tax Rate	(6) Federal Tax (3)x(5)	(7) After Tax Return ((3)-(6))/(1)
Cash & Short Term Invested Assets	852,508,376	37,128,871	35,838,706	4.2%	35.0%	12,543,547	2.7%
Bonds							
Tax Exempt		19,717,257	19,032,116		2.4% (b)	464,622	
Taxable		571,972,807	552,097,731		35.0%	193,234,206	
Total	11,732,825,810	591,690,064	571,129,848	4.9%		193,698,828	3.2%
Affiliated Stock at Fair Value							
Preferred	0	0	0		0.0%	0	
Common	88,656,145	0	0		0.0%	0	
Total	88,656,145	0	0	0.0%	0.0%	0	0.0%
Unaffiliated Stock at Fair Value							
Preferred	62,006,976	2,892,337	2,791,833		14.2% (c)	395,742	
Common	668,195,971	63,182,828	60,987,333		14.2%	8,644,954	
Total	730,202,947	66,075,165	63,779,166	8.7%		9,040,697	7.5%
Mortgage Loans on Real Estate							
Preferred	0	0	0	0	35.0%	0	0.0%
Total	83,074,693	0	0	0.0%	35.0%	0	0.0%
Contract Loans							
Preferred	0	0	0	0	35.0%	0	0.0%
Total	464,899,224	0	0	0.0%	35.0%	0	0.0%
A/O Inv. Assets							
Preferred	0	0	0	0	35.0%	0	0.0%
Total	13,952,167,193	694,894,100	670,747,720	4.8%	32.1%	215,283,072	3.3%

NOTES:

a. Investment Expenses and Write-ins for Investment Income of apply uniformly to all items of income.

	Total Interest and Dividend Income (excluding Write-ins & Expenses):	694,894,100
PLUS	Write-ins for Investment Income:	4,818,528
LESS	<u>Investment Expenses & Real Estate Depreciation:</u>	<u>28,964,908</u>
	Total Net Investment Income (incl. Write-ins, Net of Investment Expenses):	670,747,720

Write-ins / Expense Multiplier: (a) = -3.5%

b. 46.5% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at a full corporate rate of 35%.

The applicable tax rate is therefore: $2.4\% = [.465 \times .15 \times .35]$

c. For domestic corporations, 30% of dividend income from unaffiliated stocks is taxed as ordinary income at a full corporate rate of 35%.

and 100% is subject to proration, so that 15% of the remaining 70% is taxed as ordinary income at a full corporate rate of 35%.

The applicable tax rate is therefore: $14.2\% = [(0.30 \times 0.35) + (0.70 \times 0.15 \times 0.35) + (0.70 \times .85 \times 0.00)]$

**ACE Consolidated
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION**

Line I Premium to Surplus Ratio

Surplus was determined by dividing the premium in Line A1 by a premium to surplus ratio.
The calculation of the premium to surplus ratio is as follows:

	2006 <u>All Lines</u>
A/S Net Written Premium	4,518,540,247
A/S Surplus as Regards Policyholders	4,420,558,091
A/S Premium to Surplus Ratio	1.022

Line J Equity to Surplus Ratio

Equity was determined by applying an equity to surplus ratio to the surplus in Line K.
The calculation of the equity to surplus is as follows:

	2006 <u>Year End</u>
ACE Consolidated	4,420,558,091
<u>ACE Ins. Co. Puerto Rico</u>	<u>15,038,362</u>
SAP Surplus: ACE Consolidated ex PR and International	4,405,519,729
GAP Equity: ACE Consolidated ex PR and International	4,890,000,000
Equity to Surplus Ratio	1.110

ACE
EXPLANATORY NOTES
FOR RETURN ON EQUITY CALCULATION

Line P.

	Return on
<u>Year</u>	<u>Equity</u>
1996	13.0%
1997	13.0%
1998	9.6%
1999	6.6%
2000	6.3%
2001	-2.2%
2002	3.1%
2003	9.7%
2004	10.7%
2005	11.6%
Average	8.2%
Selected	8.2%

Note: The source for the historical industry Returns on Equity is
Net Income / Average Policyholder Surplus from:

1995 - 2000	Standard & Poor's Industry Surveys
2001 - 2004	Best's Aggregates and Averages - QAR

Put Cell Pointer in Cell D4 , Paste Values the Box Copied From IEE Data 2005.xls



Important !!
Check That
Captions Line Up
 If Wrong,
 Line up Data Using
 Copy Paste
Not Cut Paste

Holding Cd	(All)
Consol?	(All)
Surplus?	(All)
Co	(All)
Co Name	(All)
LOB	(All)
LOB Name	Oth Liab

Amt(000)			Year					
DirNet	Page	Col	Caption	2002	2003	2004	2005	2006
Dir	IEEP3	1	Written	1,680,237	1,887,492	2,274,341	2,447,968	2,589,778
		3	Earned	1,298,051	1,872,111	2,229,024	2,287,724	2,393,865
		7	Inc Loss	1,121,103	1,709,821	1,870,066	1,622,113	1,017,491
		9	Inc Def CC	519,806	111,155	385,952	272,801	638,719
		11	Inc Adj AO	56,607	70,819	120,188	155,720	151,603
		13	OS Loss	3,189,256	4,170,639	5,399,448	5,949,726	6,109,255
		15	OS Def CC	887,953	790,949	962,568	1,023,284	1,366,058
		17	OS Adj AO	136,828	113,188	156,114	189,838	213,777
		19	UPR	838,839	854,216	899,533	1,059,775	1,255,555
		21	Ag Bal	193,676	6,355,746	325,863	470,808	609,044
		23	Comm	209,051	185,308	211,607	202,981	216,867
25	Tax	40,139	14,799	36,874	45,952	46,492		
27	Oth Acq	44,050	53,754	53,039	48,991	50,971		
29	General	47,607	67,695	97,147	100,488	86,406		
Net	IEEP2	1	Written	628,288	1,034,313	1,410,208	1,340,500	1,044,440
		3	Earned	451,425	946,323	1,258,003	1,322,595	1,079,843
		7	Inc Loss	459,626	714,656	1,204,082	1,003,428	273,616
		9	Inc Def CC	203,054	31,632	342,803	149,727	199,508
		11	Inc Adj AO	55,815	70,170	123,455	159,019	143,161
		13	OS Loss	1,474,147	1,757,605	2,744,193	3,256,367	3,179,150

Written	1	→
Earned	2	→
Inc Loss	4	→
Inc Def CC	5	→
Inc Adj AO	6	→
OS Loss	7	→
OS Def CC	8	→
OS Adj AO	9	→
UPR	10	→
Ag Bal	11	→
Comm	1	→
Tax	2	→
Oth Acq	3	→
General	4	→
Written	1	→
Earned	2	→
Inc Loss	4	→
Inc Def CC	5	→
Inc Adj AO	6	→
OS Loss	7	→

Part :	A	B	C	D	E	F-1	F-2	G	H-1	H-2
Accid	HomeOwn	PP Auto	Comm Auto	Workers	Comm	Med Mal	Med Mal	Spec Liab	Oth Liab	Oth Liab
Year	FarmOwn	Liab Med	Liab Med	Comp	Multiperil	Occurrence	Clms Made	OM/Air/BM	Occur	Clm Made

Reserves - Schedule P - Part 1 - ACE Consolidated Yellow Book - 2006 Year End

Prior	-51	12,112	18,007	433,984	150,079	30,963	324	16,449	1,406,664	20,518
1997	198	24	2,831	22,355	1,321	947	51	5,429	19,908	1,771
1998	140	1	2,397	73,565	1,137	162	73	3,523	36,007	3,020
1999	123	2	6,545	61,861	2,381	1,831	174	7,765	57,890	1,459
2000	92	18	13,196	2,999	3,619	623	-81	4,693	64,686	-946
2001	1,005	2	9,332	19,740	-3,521	931	2,279	7,857	94,283	21,600
2002	1,173	34	9,746	92,674	8,679	1,953	2,010	33,738	104,463	58,531
2003	1,587	420	19,751	158,639	6,256	704	4,355	16,965	241,177	67,523
2004	13,649	1,115	56,998	269,581	17,279	3,281	30,643	44,282	407,781	85,221
2005	13,798	4,161	82,219	443,607	53,894	3,324	60,085	82,493	444,617	306,939
<u>2006</u>	<u>12,279</u>	<u>19,434</u>	<u>85,047</u>	<u>737,675</u>	<u>100,273</u>	<u>6,477</u>	<u>59,746</u>	<u>143,412</u>	<u>417,680</u>	<u>314,643</u>
Total	43,993	37,323	306,069	2,316,680	341,397	51,196	159,659	366,606	3,295,156	880,279

Discount Factors - IRS - Internal Revenue Bulletin: 2007-3 dated January 16, 2007

Prior	0.890	0.908	0.922	0.889	0.938	0.934	0.902		0.788	0.882
1997	0.907	0.906	0.910	0.861	0.890	0.909	0.892		0.815	0.888
1998	0.887	0.907	0.909	0.843	0.907	0.890	0.885		0.803	0.871
1999	0.886	0.916	0.913	0.834	0.887	0.887	0.876		0.828	0.884
2000	0.861	0.921	0.913	0.814	0.886	0.886	0.870		0.815	0.880
2001	0.893	0.927	0.917	0.814	0.861	0.878	0.892		0.826	0.874
2002	0.889	0.928	0.921	0.822	0.893	0.869	0.893	0.977	0.831	0.865
2003	0.891	0.926	0.917	0.845	0.889	0.855	0.895	0.954	0.839	0.868
2004	0.917	0.931	0.913	0.877	0.891	0.826	0.882	0.960	0.838	0.865
2005	0.923	0.936	0.919	0.885	0.923	0.838	0.891	0.963	0.848	0.874
2006	0.929	0.947	0.921	0.876	0.929	0.839	0.877	0.967	0.868	0.915

Part :	I	J	K	L	M	N	O	P	R-1	R-2
Accid	Fire/IM/EQ	Auto	Fidelity	Other Incl	Composite	Rein NonP	Rein NonP	Rein NonP	Prod Liab	Prod Liab
Year	<u>Burg/Thft</u>	<u>Phys Dam</u>	<u>Surety</u>	<u>Cred/AH</u>	<u>Intern'l</u>	<u>Assm Prop</u>	<u>Assm Liab</u>	<u>Assm Fin</u>	<u>Occurrence</u>	<u>Clms Made</u>

Reserv

Prior					241	1,875	493,707	3	303,445	1,013
1997					1	0	0	1,998	4,958	1,215
1998					10	0	0	0	5,132	732
1999					-3,799	0	12,957	48	9,383	72
2000					-276	333	17,718	280	10,949	62
2001					-26	871	18,456	316	3,698	718
2002					169	131	14,970	206	4,041	63
2003					-120	594	28,245	2,041	11,724	877
2004	84,312	7,389	14,812	48,218	-5,801	8,048	40,011	3,460	35,019	8,019
2005	144,967	1,477	5,787	17,811	-572	3,058	57,566	3,080	98,525	13,933
<u>2006</u>	<u>242,566</u>	<u>6,670</u>	<u>21,353</u>	<u>52,815</u>	<u>421</u>	<u>1,400</u>	<u>53,847</u>	<u>2,116</u>	<u>123,586</u>	<u>19,372</u>
Total	471,845	15,536	41,952	118,844	-9,752	16,310	737,477	13,548	610,460	46,076

Discou

Prior					0.770	0.812	0.722	0.510	0.746	0.955
1997					0.787	0.850	0.752	0.725	0.742	0.933
1998					0.785	0.796	0.748	0.700	0.766	0.817
1999					0.811	0.883	0.774	0.574	0.752	0.820
2000					0.816	0.827	0.792	0.648	0.800	0.885
2001					0.851	0.882	0.789	0.808	0.816	0.869
2002	0.977	0.977	0.977	0.977	0.864	0.866	0.791	0.838	0.838	0.831
2003	0.954	0.954	0.954	0.954	0.876	0.922	0.807	0.869	0.835	0.834
2004	0.956	0.975	0.932	0.958	0.895	0.914	0.812	0.882	0.819	0.835
2005	0.959	0.977	0.937	0.961	0.902	0.920	0.824	0.889	0.831	0.846
2006	0.947	0.971	0.943	0.969	0.920	0.876	0.870	0.869	0.831	0.881

Part :	S
Accid	Guaranty
<u>Year</u>	<u>Fin/Mortg</u>

Reserv

Prior	
1997	
1998	
1999	
2000	
2001	
2002	
2003	
2004	2,673
2005	0
<u>2006</u>	<u>0</u>
Total	2,673

Discou

Prior	
1997	
1998	
1999	
2000	
2001	
2002	0.977
2003	0.954
2004	0.936
2005	0.941
2006	0.956

<u>Code</u>	<u>State</u>	<u>Prem Tax Rate</u>		<u>All</u>	<u>Additional Taxes</u>		
		<u>Property</u>	<u>Casualty</u>	<u>Lines</u>	<u>Fire</u>	<u>Muni Prop</u>	<u>Muni Cas</u>
AL	Alabama	7.60%	4.60%	0.0360		0.0400	0.0100
AK	Alaska	2.70%	2.70%	0.0270			
AZ	Arizona	2.20%	2.00%	0.0200	0.0020		
AR	Arkansas	3.00%	2.50%	0.0250	0.0050		
CA	California	2.35%	2.35%	0.0235			
CO	Colorado	2.00%	2.00%	0.0200			
CT	Connecticut	2.00%	2.00%	0.0200			
DE	Delaware	2.00%	2.00%	0.0200			
DC	Dist Colomb	2.00%	2.00%	0.0200			
FL	Florida	2.85%	1.75%	0.0175	0.0110		
GA	Georgia	5.75%	4.75%	0.0225	0.0100	0.0250	0.0250
HI	Hawaii	4.27%	4.27%	0.0427			
ID	Idaho	2.75%	2.75%	0.0275			
IL	Illinois	1.50%	0.50%	0.0050	0.0100		
IN	Indiana	2.00%	2.00%	0.0200			
IA	Iowa	2.00%	2.00%	0.0200			
KS	Kansas	2.00%	2.00%	0.0200			
KY	Kentucky	16.55%	15.80%	0.0200	0.0075	0.1380	0.1380
LA	Louisiana	7.20%	3.70%	0.0300	0.0350	0.0070	0.0070
ME	Maine	3.40%	2.00%	0.0200	0.0140		
MD	Maryland	2.00%	2.00%	0.0200			
MA	Massachusetts	2.28%	2.28%	0.0228			
MI	Michigan	2.00%	2.00%	0.0200			
MN	Minnesota	2.00%	2.00%	0.0200	0.0000		
MS	Mississippi	4.00%	3.00%	0.0300	0.0100		
MO	Missouri	2.00%	2.00%	0.0200			
MT	Montana	5.25%	2.75%	0.0275	0.0250		
NE	Nebraska	2.75%	2.00%	0.0200	0.0075		
NV	Nevada	3.50%	3.50%	0.0350			
NH	New Hampshire	2.00%	2.00%	0.0200			
NJ	New Jersey	2.10%	2.10%	0.0210			
NM	New Mexico	3.00%	3.00%	0.0300			
NY	New York	2.00%	2.00%	0.0200			
NC	North Carolina	3.85%	2.02%	0.0202	0.0183		
ND	North Dakota	2.00%	2.00%	0.0200			
OH	Ohio	2.15%	1.40%	0.0140	0.0075		
OK	Oklahoma	2.57%	2.25%	0.0225	0.0032		
OR	Oregon	3.00%	2.00%	0.0200	0.0100		
PA	Pennsylvania	2.00%	2.00%	0.0200			
RI	Rhode Island	2.00%	2.00%	0.0200			
SC	South Carolina	5.25%	3.25%	0.0125	0.0200	0.0200	0.0200
SD	South Dakota	3.00%	2.50%	0.0250	0.0050		
TN	Tennessee	3.25%	2.50%	0.0250	0.0075		
TX	Texas	1.70%	1.70%	0.0170			
UT	Utah	2.25%	2.25%	0.0225			
VT	Vermont	2.00%	2.00%	0.0200			
VA	Virginia	3.29%	2.29%	0.0229	0.0100		
WA	Washington	2.00%	2.00%	0.0200			
WV	West Virginia	4.50%	4.00%	0.0400	0.0050		
WI	Wisconsin	4.00%	2.00%	0.0200	0.0200		
WY	Wyoming	2.00%	2.00%	0.0200			

Other Liability - Claims Made
Development of Expense Provisions and Permissible Loss Ratio
ACE Consolidated

	Net IEE Data in (000) - ACE Consolidated			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
(1) Written Premium	1,410,208	1,340,500	1,044,440	3,795,148
(2) Earned Premium	1,258,003	1,322,595	1,079,843	3,660,441
(3) Commission & Brokerage Fees	110,047	89,353	-92,856	106,544
(4) Other Acquisition Expense	53,039	48,992	50,972	153,003
(5) General Expense	97,149	100,488	86,406	284,043
(6) Taxes, Licenses, and Fees	42,460	45,940	46,477	134,877
(7) Unallocated LAE	123,455	159,019	143,161	425,635
(8) Allocated LAE	342,803	149,727	199,508	692,038
				<u>Average</u>
(3)/(1) Commission & Brokerage Fees	7.8%	6.7%	-8.9%	2.8%
(4)/(2) <u>Other Acquisition Expense</u> Total Production Expense	4.2%	3.7%	4.7%	4.2%
(5)/(2) General Expense	7.7%	7.6%	8.0%	7.8%
(6)/(1) Taxes, Licenses, and Fees	3.0%	3.4%	4.4%	3.6%
(7)/(2) Unallocated LAE	9.8%	12.0%	13.3%	11.6%
(8)/(2) Allocated LAE	27.2%	11.3%	18.5%	18.9%

Expense Provision

Pre Tax Profit Provision - Target
Investment Income Recognition
Pre Tax Profit Provision - Net of Inv Inc

Permissible Loss and LAE Ratio

Exhibit 1
Sheet 1

Selected

2.8%

4.2%

7.0%

7.8%

3.6%

N/A

N/A

18.40%

	<u>Standard</u>	<u>Wshngtn</u>
5.0%	5.0%	13.6%
<u>-13.2%</u>	<u>-13.2%</u>	<u>-18.6%</u>
-8.2%	-8.2%	-5.0%

89.8%

**ACE American Insurance Company
Westchester Fire Insurance Company**

**ACE Advantage
Miscellaneous Professional Liability**

General Rules

SECTION I. GENERAL RULES

A. Contents

This manual contains the rules for the Miscellaneous Professional Liability program.

B. Policy Term

Policies are written for a term of one year. A policy may be extended up to six months beyond the policy expiration date, with the additional premium calculated on a pro-rata basis. For example, an annual policy with an original premium of \$120,000 can be extended one month at an additional premium of $\$120,000 / 12 = \$10,000$.

C. Factors or Multipliers

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

D. Rounding Procedure

1. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five tenths or more of a mill shall be considered one mill, e.g., .1245 = .125.

2. Premium

Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

E. Policy Writing Minimum Premium

1. Policy writing minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason.
2. Apply a minimum premium for each annual period.
3. Minimum premiums are the lowest amounts for which insurance may be written for each full year of coverage.
4. The minimum allowable premium for this program ~~is \$500~~ based on the Insured's hazard group:

<u>Hazard Group</u>	<u>Policy Limit of Liability</u>			
	<u>\$ 100,000</u>	<u>\$ 250,000</u>	<u>\$ 500,000</u>	<u>\$1,000,000 or greater</u>
<u>1</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>
<u>2</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 750</u>	<u>\$ 750</u>
<u>3</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 750</u>	<u>\$ 1,000</u>
<u>4</u>	<u>\$ 500</u>	<u>\$ 750</u>	<u>\$ 1,000</u>	<u>\$ 1,500</u>
<u>5</u>	<u>\$ 750</u>	<u>\$ 1,000</u>	<u>\$ 1,500</u>	<u>\$ 2,500</u>
<u>6</u>	<u>\$ 1,000</u>	<u>\$ 1,500</u>	<u>\$ 2,500</u>	<u>\$ 5,000</u>

State mandated exceptions are presented on the state-exception pages.

F. Additional Premium Charge

**ACE American Insurance Company
Westchester Fire Insurance Company**

**ACE Advantage
Miscellaneous Professional Liability**

General Rules

1. Calculation of Premium
 - a. Prorate all changes requiring additional premium.
 - b. Apply the rates and rules in effect on the effective date of the policy, or if the change is made after an anniversary date of the policy, apply the rates and rules in effect on that anniversary date. The additional premium developed is in addition to any applicable policy writing minimum premium.
2. Waiver of Premium
 - a. Additional premiums at or below \$25 may be waived.
 - b. This waiver applies only to that portion of the premium due on the effective date of the policy change.

G. Return Premium Charges

1. Premium Computation
 - a. Compute return premium at the rates used to calculate the policy premium. Compute return premium pro-rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy writing minimum premium.
2. Waiver of premium
 - a. Return premiums of \$25 or less shall be waived.
 - b. This waiver applies only to that portion of the return premium due on the effective date of the policy change.
 - c. Any return premium due the insured must be granted if the insured requests it.

H. Policy Cancellation

1. Pro Rata Cancellation

Calculate return premium pro rata and round to the next higher whole dollar when a policy is canceled.

 - a. At the company's request due to the nonpayment of premium.
 - b. Because the insured no longer has a financial interest in the business operation that is the subject of this insurance.
2. Other than Pro Rata Cancellation

Calculate return premium at 90% of the unearned premium and round to the next higher whole dollar when a policy is canceled at the Insured's request.

I. Extended Reporting Period

The insured can elect the Extended Reporting Period upon payment of the additional premium within thirty (30) days of the effective date of policy termination or non-renewal. We will provide an Extended Reporting Period option for one year at 100% of the original annual premium. We will have the option of providing Extended Reporting Period option of two years at 150% or three years at 200% of the original annual premium.

The Extended Reporting Period premium and term are noted on the Declarations.

**ACE American Insurance Company
Westchester Fire Insurance Company**

**ACE Advantage
Miscellaneous Professional Liability**

General Rules

J. [Multiple Year Term Modifications](#)

[The base rate contemplates an annual policy period. Apply the appropriate factor from the table below based on the desired number of years.](#)

<u>Number of Years</u>	<u>Factor</u>
<u>1</u>	<u>1.00</u>
<u>2</u>	<u>1.50 – 2.25</u>
<u>3</u>	<u>2.25 – 3.50</u>

SECTION II. ELIGIBILITY

Eligible classes of business are included in Appendix A of the Miscellaneous Professional Liability Rating Plan.

SECTION III. COVERAGE FORMS

The appropriate

1. Coverage forms;
2. Optional endorsements;
3. Mandatory endorsements (including those required for use in a particular state, required by other manual rules, or as required by a footnote in the classification table);
4. Other applicable endorsements; and,
5. The Declarations

make up a coverage part.

SECTION IV. RATES

Refer to the ACE Miscellaneous Professional Liability Rating Plan.

**ACE American Insurance Company
Westchester Fire Insurance Company**

Miscellaneous Professional Liability

Rating Plan

Step 1: Determine Revenue for the Entity

Use fiscal year revenue. If the risk has been in business less than one year, use current or projected revenue figure to determine ratable revenue. Ratable revenues should include 100% of that revenue derived from all covered professional services. Ratable revenues do not include revenue not derived from professional services. If only a portion of professional services are covered, then the corresponding portion of revenue derived from that service should be used to rate the risk. Ratable revenues should include both domestic and non-domestic revenues.

Step 2: Select Hazard Group

We recognize that many service firms provide multiple services or have incidental exposures that may be material. Using the revenue for the three largest professional service categories as weights (as provided by the risk), determine a blended rate based on the hazard group assignments detailed in Appendix A. We have included a miscellaneous service class within each hazard group for multi-service providers with either higher or lower risk than contemplated by the principal service category or the SIC code category.

Step 3: Base Premium Determination

Using the Revenue from Step 1 and the Hazard Group selected in Step 2, develop the base rate from the table below:

Gross Revenue		Tiered Base Rates By Hazard Group - per \$1,000 in Revenue					
		1	2	3	4	5	6
First	\$250,000	8.50	12.00	14.00	20.50	24.00	42.00
Next	\$250,000	5.67	8.00	9.34	13.67	16.01	28.01
Next	\$500,000	2.84	4.00	4.67	6.84	8.01	14.01
Next	\$2,000,000	1.42	2.00	2.34	3.42	4.01	7.01
Next	\$2,000,000	0.95	1.33	1.56	2.28	2.67	4.68
Next	\$5,000,000	0.63	0.89	1.04	1.52	1.78	3.12
Next	\$10,000,000	0.42	0.59	0.69	1.01	1.19	2.08
Next	\$15,000,000	0.28	0.39	0.46	0.67	0.79	1.39
Next	\$15,000,000	0.19	0.26	0.31	0.45	0.53	0.93
Next	\$50,000,000	0.13	0.17	0.21	0.30	0.35	0.62
Next	\$150,000,000	0.09	0.11	0.14	0.20	0.23	0.41

Step 4– Limit/Retention Factor:

Base rates contemplate an aggregate limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. An alternative limit of liability and retention may be selected by the insured. Three separate sets of Increased Limit and Retention factor tables have been produced which vary depending on the hazard group assignment (see Table Guides presented below). Multiply the result of Step 3 by the sum of the factors from the appropriate Increased Limit and Retention Factor tables presented in Appendix B. Exception: Increased Limit and Retention combinations must result in a factor of greater than 0.250.

Hazard Group	Tables
1,2	Appendix B
3,4	Appendix C
5,6	Appendix D

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Step 5: State Modifier

Multiply the base rate determined in Step 4 by the state modifier. See the State Exception Pages for the applicable state modifier.

Step 6: Prior Acts Coverage

Base premiums do not include prior acts coverage. For prior acts coverage, apply the appropriate factor from the following chart based upon the number of years of prior acts coverage provided by the policy to the premium developed in Step 5.

Years of Prior Acts Coverage	Factor
No prior acts	1.00
One year	1.12
Two years	1.20
Three years	1.26
Four or more	1.35

Rating Modifiers

Multiply the result of Step 6 by the rating modifiers from Steps 7 through ~~13~~12, below. The total rating modifier is the product of the factors selected from the tables below. The application of rating credits/debits requires the maintenance of sufficient support in the underwriting file.

Step 7: Experience Rating Credit/Debit

The Experience Rating adjustment relates to the number and severity of claims made against the insured. The appropriate modification factor is based upon frequency and severity as follows:

Prior Claim Experience	Factor
None	0.75-.89
Minimal	0.90-.99
Cautionary	1.00–1.19
Material	1.20–1.35
Significant	Refer to Company

None	No reported claims in the past 5 years.
Minimal	There are claims/notices reported however there are no claims paid and likelihood of payout on open claims is low.
Cautionary	There are claims reported and reserves have been set or payments made however reserves and payments are within 3% of the policy limit.
Material	Claims are reported and payments have been made or there is a high probability that reserves will be paid out in excess of 3% of the policy limit but are or are likely to be less than 8% of the policy limit.
Significant	Claims are reported and payments have been made or there is a high probability that reserves will be paid out in excess of 8% of the policy limit.

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Step 8: Professional Experience

Select the Professional Experience factor from the table below.

Experience:	Factor
Less than 3 years experience	1.10-1.20
Four to Six years of experience:	1.00-1.09
Seven to 10 years of experience:	.95-.99
11-20 years of experience:	.90-.94
More than 20 years	.85-.89

Step 9: Years in Business

Select the Years in business factor from the table below.

Years In Business	Factor
Less than one year:	1.15-1.25
One to three years:	1.00-1.14
Four to Six years:	.95-.99
Seven to Ten years:	.90-.94
Eleven to Twenty Years:	.85-.89
Over Twenty Years:	.80-.84

Step 10: Use of Written Contracts:

Determine the Risk Modification Factor associated with the written agreement usage characteristics below.

A. Use of Written Contracts

Percentage Use	Hazard Group 1 & 2	Hazard Group 3 & 4	Hazard Group 5 & 6
100%	.90	.90	.90
70-99%	.95	.95	.95
40-69%	1.00	1.00-1.10	1.11-1.20
10-39%	1.01-1.09	1.11-1.20	1.21-1.30
0-9%	1.10-1.20	1.21-1.30	1.31-1.40

B. Quality of Written Contract

	Factor
Low	1.20-1.29
Below Average	1.10-1.19
Average	1.00-1.09
Above Average	.90-.99

Definitions:

- Low: Contract includes assumption of contract liability, damages beyond that legally imposed by law, guarantees or warranties
- Below Average: Indemnities, hold harmless provisions favor client, no description of professional services
- Average: Defines scope of services, mutual hold harmless provisions, utilizes standardized professional services engagement letter.
- Above Average: Define scope of services, mutual hold harmless provisions, limitation of liabilities, addresses duties of parties.

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<u>C. Legal Review</u>	<u>Factor</u>
Contract amendments reviewed by Legal Counsel	.90-.99
Contract amendments not reviewed by Legal Counsel	1.00-1.10

Step 11: Risk Management:

Determine the applicable Risk Management Procedures factor from the table below.

<u>Risk Management Procedures</u>	<u>Factor</u>
Written procedures to ensure compliance with statute or regulatory authorities	.90-1.00
Continuing Education required for all employees	.90-1.00
Formalized in-house training procedures for professional employees	.90-1.00
Business process audit policy and procedures	.90-1.00
Formal Disaster Recovery Plan	.90-1.00

Step 12: Restrictive and Expansive Endorsements

Determine the applicable factor from the table below.

	<u>Factor</u>
One or More Restrictive Endorsements	.90-1.00
One or More Expansive Endorsements	1.00-1.10
One or More Extremely Restrictive Endorsements	.75-.90
One or More Extremely Expansive Endorsements	1.10-1.25

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Step 13: Scheduled Rating Modification

Underwriters may use the following scheduled rating modifications based upon risk characteristics not utilized in the prior rating steps. The maximum schedule credit/debit for Step 13, if applicable, is noted on the State Exception page.

Scheduled Rating	Factor
Territory of operations	.90-1.10
Industry Performance	.90-1.10
Use of subcontractor(s)	.90-1.10
Number and complexity of service offerings	.90-1.10
Complexity of organizational structure and number of subsidiaries, joint ventures or other insured organizations.	.90-1.10
Additional Insured's	1.00-1.10
Contingent Bodily Injury/Property Damage Coverage	1.10-1.30
Incident Reporting	1.00-1.25
Industry Regulatory Environment	.90-1.10
Merger and Acquisition Activity	.90-1.10
Balance Sheet Quality	.90-1.10
Income Statement Quality	.90-1.10
Cash Flow Condition	.90-1.10
Notes to Financial Statements	.90-1.10

Step 14: Expense Modification

The policy premium contemplates a standard allowance for direct commission expense. If direct commission expenses vary from the standard, the premium may be reduced to reflect this difference (e.g., reduced commission paid to agents on net of commission arrangements). The premium may not be increased for additional expense.

OPTIONAL COVERAGES:

Step 15: Optional Coverage Premium Calculation

Privacy Liability, Network Security Liability and Identity Theft Response Fund Coverage

The applicant has the option to purchase, for an additional premium as calculated below, coverage for third-party liability claims arising out of lost computer equipment, network security breaches and identity theft.

The below premium calculation assumes that the limit of liability available to pay privacy and network securities claims will be equal to the policy's per claim/aggregate limit of liability. This extension of coverage is part of the overall policy aggregate limit of liability. Sub-Limits of Liability for the below listed sub-extensions will be determined as a percentage of the limit of liability available to pay Privacy and Network Security Liability claims:

Identity Theft Response Fund (if purchased): 1% of the Privacy LOL
Regulatory Proceeding sub-limit: 5% of the Privacy LOL.

Premium for this optional coverage is calculated as follows:

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- A. Multiply the premium calculated through Step 12 by the following percentage, based on the level of coverage to be purchased:

<u>Privacy Liability and Network Security Liability</u>	<u>15%</u>
<u>Privacy Liability, Network Security Liability and Identity Theft Response Fund</u>	<u>20%</u>

- B. Multiply the additional premium calculated in A. by the revenue adjustment factor, as calculated below:

$$\text{Revenue Adjustment Factor} = \frac{\text{Total Enterprise Revenue}}{\text{MPL Ratable Revenue}}$$

- C. Apply the Privacy and Network Security Liability Confidence Modification (as described below) to the premium calculated through B. Add the optional coverage premium to the premium calculated through Step 12.

Privacy and Network Security Liability Modification

Most corporate entities capture and retain data from customers, employee, vendors, and other third parties. Privacy exposures arise from the amount and degree of sensitivity of the data that is captured by the applicant (e.g. a client's address vs. a client's social security number). Liability is also created and exacerbated by the quality of the system that has been developed to maintain and protect the sensitive data. The underwriter will analyze the applicant's industry to determine the applicant's macro-exposure to privacy liability claims and its relativity to the assigned MPL hazard group. The underwriter will then evaluate and document the applicant's system management controls, including determining the degree to which the IT department is centralized, how outsourced services are evaluated, redundancy risk management (e.g. use of daily backups and mirror sites) and testing protocols of DRP/BCP. The underwriter will also review access controls and data protection (encryption) of all sensitive information and mobile equipment, the applicant's written privacy policy, and its data breach response plan. Last, the underwriter will evaluate the applicant's prior loss experience with network and data breaches. Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the complexity of the applicant's structure and organization and the impact this will have on the severity of future claims the applicant may incur: Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the strength of the applicant's practices and the impact these practices will have on the severity of future claims the applicant may incur: This factor is multiplied times the premium derived in B.

<u>Rating</u>	<u>Degree of Concern/Confidence as respect the Complexity & Experience of the Entity re: Network Security and Privacy Liability</u>	<u>Comfort Level Factor</u>
<u>1</u>	<u>Confident</u>	<u>0.75 to 0.85</u>
<u>2</u>	<u>Comfortable</u>	<u>0.85 to 1.00</u>
<u>3</u>	<u>Low Concern</u>	<u>1.00 to 1.10</u>
<u>4</u>	<u>Material Concern</u>	<u>1.10 to 1.20</u>
<u>5</u>	<u>High Concern</u>	<u>1.20 to 1.35</u>
<u>6</u>	<u>Very High Concern</u>	<u>1.35 to 1.50</u>

Employed Lawyers Professional Liability (ELPL) Coverage

The applicant has the option to purchase, for an additional premium as calculated below, coverage that provides General Counsel and other in-house attorneys employed by public, private and non-profit entities for claims

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alleging professional malpractice, including lawsuits initiated by clients, shareholders, employees and other third parties. The below premium calculation contemplate an aggregate limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. This extension of coverage is part of the overall policy aggregate limit of liability.

Premium for this optional coverage is calculated as follows:

- A. Multiply the number of employed lawyers by **\$1,500**:
- B. Multiply the additional premium calculated in A. by the following Ownership Factor:
 - For-profit, Publicly-traded Entity: 1.15
 - For-profit, Privately-held Entity: 1.00
 - Not-for-Profit Entity: 0.90
- C. Apply the Employed Lawyers Liability Exposure Confidence Modification (as described below) to the premium calculated through B.

Employed Lawyers Liability (ELPL) Exposure Confidence Modification

Generally, the employed lawyers handle general corporate legal matters, including but not limited to, contract negotiations, employment, real estate transactions and contract drafting and review. Usually the higher risk activities, such as Securities and Exchange Commission (SEC) work, intellectual property, tax, litigation, ERISA law is contracted to outside counsel. However, if in-house counsel does any of these activities, the exposure to loss can increase significantly. At the same time, in-house attorneys can be held liable for providing legal activities outside of the course and scope of their employment (i.e. pro-bono work or moonlighting activities). The underwriter will also evaluate and document the applicant's employed lawyers risk management practices, including training policies, contract review processes, and loss control processes. Last, the underwriter will evaluate the applicant's prior loss experience related to their employed lawyers. Based on this assessment, the underwriter will assign a Confidence Factor which reflects the degree of underwriting concern/confidence in the strength of the applicant's practices and the impact these practices will have on the severity of future claims the applicant may incur. The factor is multiplied times the premium derived through B.

<u>Rating</u>	<u>Degree of Concern/Confidence as respect the Complexity, Experience of the Entity re: Network Security and Privacy Liability</u>	<u>Comfort Level Factor</u>
<u>1</u>	<u>Confident</u>	<u>0.75 to 0.85</u>
<u>2</u>	<u>Comfortable</u>	<u>0.85 to 1.00</u>
<u>3</u>	<u>Low Concern</u>	<u>1.00 to 1.10</u>
<u>4</u>	<u>Material Concern</u>	<u>1.10 to 1.20</u>
<u>5</u>	<u>High Concern</u>	<u>1.20 to 1.35</u>
<u>6</u>	<u>Very High Concern</u>	<u>1.35 to 1.50</u>

D. Limit/Retention Factor

As noted above, the ELPL rates contemplate a limit for indemnity plus defense of \$1,000,000 and a self-insured retention of \$10,000 per claim as defined in the policy. The applicant may purchase a limit of liability for this coverage up to the policy's overall aggregate limit of liability. As such, an alternative limit of liability and retention may be selected by the insured. Multiply the result of C. by the sum of the factors from the appropriate Increased Limit and Retention Factor tables

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[presented in Appendix C. Add the optional coverage premium to the premium calculated through Step 12.](#)

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Appendix A - Hazard Groups 1 to 3

Hazard Group 1

Answering Services
Billing Services-Non Medical
Car Title & Tag Services
Color Consultant
Cosmetologists
Court Reporters
Domestic Services
Genealogical Investigative
Handwriting Analysis
Interpreters
Letter Writing
Manicurists
Messengers
Notary Public
Paging Services
Party Planners
Photo & Duplicating Services
Polygraph Analysts
Printing -Non-financial
Resume, Secretarial & Typing
Translators
Welcoming Services
Miscellaneous Service I

Hazard Group 2

Alarm Monitoring Services
Analytical Research and Laboratories
Animal Grooming Services
Auctioneers (Non-Digital)
Bookkeepers
Call Center Services
Career Counseling
Caterers
Claims Adjuster-P/C only
Consumer Services
Convention/Trade Show
Credit Bureaus-Credit Reporting
Debt Counseling
Document/Office Records Destruction
Driving Instructor
Employment Agencies/Staffing - Clerical & Labor
Escrow
Event Planners
Forensic Analysts
Foresters
Funeral Directors
Grants Coordinator
Information Storage/Retrieval (Non-digital)
Interior Design/Space
Investigators
Janitorial Services
Job Counselor
Kennel
Mailing Services
Management Consultant-Strategic
Meeting Planners
Meteorologists
Microfilm Recording
Office Administration
Payroll Services
Tutor
Umpire/Referee
Vocational Counseling
Photo Studios & Duplicating Services
Planner - Non-structural
Process Servers
Real Time Captioners
Recovery Services (Non-digital)
Reservation Services
Seminar Conductors
Speakers/Lectors Bureau
Subscription Fulfillment
Tabulating Service
Tax Preparers
Teleconferencing Services
Trade Show Arrangement
Training Services
Miscellaneous Service II

Hazard Group 3

Adjustment Bureaus
Antique Dealers & Restorers
Appraisers – other
Arbitrators and Mediators
Benefit Plan Consulting
Business Outsourcing Services
Claim Administration
Claims Adjuster - WC, Medical
Collection Agencies
Credit Bureaus-data collection
Credit Investigation
Custom Brokers
Direct Mail Services
Employee Leasing
Employment Agencies/Staffing - Prof./Mgmt
Expert Witness
Facilities Manager
Farm Managers
Forensic Investigators/Analysts
Fulfillment Services
Graphic Designers
Hotel Manager
Library
Loan Servicing/Closing Services - Commercial
Loan Servicing/Closing Services - Consumer
Logistics Providers
Management Consultants - Benefit
Management Consultants - Business Process
Management Consultants - Financial
Management Consultants - Human Resource
Management Consultants - Land Use
Management Consultants - Marketing
Management Consultants - Other
Management Consultants - Professional
Medical Billing
Mortgage Brokers
Paralegal
Project & Contract Management
Property Management
Public Relations Firms
Relocation Agent
Research Consultant
Risk Management Services
Security Services (non-digital)
Surveying/Inspection/Building Services
Telemarketing Services
Third Party Admins excl. Benefits Admins.
Transfer Agents
Travel Agents
Trustees-Asset Dissolution/Distribution
Miscellaneous Service III

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Appendix A - Hazard Groups 4 to 6

Hazard Group 4

Foreclosure Agents
Real Estate Appraiser - Resident.
Real Estate Appraiser -Comm'l
Real Estate Sales - Commercial
Real Estate Sales - Residential
Title Abstractor/Agent
Miscellaneous Service IV

Hazard Group 5

Benefit Plan Admins w/ Ins. Place.
Building Surveyors & Consultants
Credit Card Services
Franchisers
Freight Forwarders
Home Inspection Services
Marine Surveyors
Mortgage Bankers
Premium Finance Company
Printing – Financial
Real Estate Construction Management
Research Organization
Safety Consultants
Structured Settlement Brokers
Testing Laboratories
Ticket Brokers/Agencies
Tour Operators
Trustees- Not Asset Dissolution
Management Consultants-Project Mgmt
Miscellaneous Service V

Hazard Group 6

Business Brokers
Contest Managers
Engineering Consulting
Games Promoters
Health & Allied Services
Lease Brokers
Miscellaneous Service VI

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Appendix B – Hazard Groups 1 and 2

<u>Limit</u>	Increased Limit <u>Factor</u>	<u>Limit</u>	Increased Limit <u>Factor</u>	<u>Claim Retention</u>	Retention <u>Factor</u>
100,000	0.356	25,000,000	2.832	0	0.216
250,000	0.558	26,000,000	2.860	500	0.197
500,000	0.755	27,000,000	2.887	750	0.180
1,000,000	1.000	28,000,000	2.913	1,000	0.167
2,000,000	1.298	29,000,000	2.938	2,000	0.128
3,000,000	1.498	30,000,000	2.962	3,000	0.102
4,000,000	1.652	31,000,000	2.985	5,000	0.063
5,000,000	1.778	32,000,000	3.008	10,000	0.000
6,000,000	1.885	33,000,000	3.030	15,000	-0.043
7,000,000	1.979	34,000,000	3.051	25,000	-0.106
8,000,000	2.062	35,000,000	3.071	35,000	-0.152
9,000,000	2.137	36,000,000	3.092	50,000	-0.206
10,000,000	2.205	37,000,000	3.111	75,000	-0.274
11,000,000	2.267	38,000,000	3.130	100,000	-0.326
12,000,000	2.325	39,000,000	3.148	250,000	-0.519
13,000,000	2.379	40,000,000	3.166	500,000	-0.690
14,000,000	2.429	41,000,000	3.184	750,000	-0.797
15,000,000	2.476	42,000,000	3.201	1,000,000	-0.875
16,000,000	2.520	43,000,000	3.218		
17,000,000	2.562	44,000,000	3.234		
18,000,000	2.602	45,000,000	3.250		
19,000,000	2.639	46,000,000	3.265		
20,000,000	2.675	47,000,000	3.281		
21,000,000	2.709	48,000,000	3.295		
22,000,000	2.742	49,000,000	3.310		
23,000,000	2.773	50,000,000	3.324		
24,000,000	2.803				

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Appendix C – Hazard Groups 3 and 4

<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Limit</u>	<u>Increased Limit</u> <u>Factor</u>	<u>Claim</u> <u>Retention</u>	<u>Retention</u> <u>Factor</u>
100,000	0.284	25,000,000	4.229	0	0.098
250,000	0.478	26,000,000	4.287	500	0.092
500,000	0.696	27,000,000	4.343	750	0.086
1,000,000	1.000	28,000,000	4.397	1,000	0.081
2,000,000	1.418	29,000,000	4.450	2,000	0.065
3,000,000	1.726	30,000,000	4.501	3,000	0.053
4,000,000	1.977	31,000,000	4.550	5,000	0.035
5,000,000	2.192	32,000,000	4.598	10,000	0.000
6,000,000	2.380	33,000,000	4.644	15,000	-0.026
7,000,000	2.548	34,000,000	4.689	25,000	-0.066
8,000,000	2.701	35,000,000	4.733	35,000	-0.099
9,000,000	2.840	36,000,000	4.775	50,000	-0.138
10,000,000	2.969	37,000,000	4.817	75,000	-0.192
11,000,000	3.089	38,000,000	4.857	100,000	-0.235
12,000,000	3.201	39,000,000	4.896	250,000	-0.412
13,000,000	3.306	40,000,000	4.934	500,000	-0.587
14,000,000	3.405	41,000,000	4.971	750,000	-0.706
15,000,000	3.499	42,000,000	5.008	1,000,000	-0.798
16,000,000	3.588	43,000,000	5.043		
17,000,000	3.672	44,000,000	5.078		
18,000,000	3.753	45,000,000	5.111		
19,000,000	3.830	46,000,000	5.144		
20,000,000	3.903	47,000,000	5.176		
21,000,000	3.974	48,000,000	5.208		
22,000,000	4.041	49,000,000	5.239		
23,000,000	4.106	50,000,000	5.269		
24,000,000	4.169				

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Appendix D – Hazard Groups 5 and 6

<u>Limit</u>	<u>Increased Limit Factor</u>	<u>Limit</u>	<u>Increased Limit Factor</u>	<u>Claim Retention</u>	<u>Retention Factor</u>
100,000	0.229	25,000,000	5.612	0	0.061
250,000	0.423	26,000,000	5.710	500	0.057
500,000	0.656	27,000,000	5.805	750	0.054
1,000,000	1.000	28,000,000	5.898	1,000	0.051
2,000,000	1.502	29,000,000	5.988	2,000	0.042
3,000,000	1.893	30,000,000	6.076	3,000	0.035
4,000,000	2.223	31,000,000	6.161	5,000	0.023
5,000,000	2.512	32,000,000	6.244	10,000	0.000
6,000,000	2.771	33,000,000	6.326	15,000	-0.019
7,000,000	3.008	34,000,000	6.405	25,000	-0.049
8,000,000	3.226	35,000,000	6.482	35,000	-0.073
9,000,000	3.429	36,000,000	6.558	50,000	-0.105
10,000,000	3.619	37,000,000	6.631	75,000	-0.149
11,000,000	3.798	38,000,000	6.703	100,000	-0.186
12,000,000	3.967	39,000,000	6.774	250,000	-0.344
13,000,000	4.128	40,000,000	6.843	500,000	-0.512
14,000,000	4.281	41,000,000	6.910	750,000	-0.632
15,000,000	4.427	42,000,000	6.977	1,000,000	-0.727
16,000,000	4.566	43,000,000	7.041		
17,000,000	4.700	44,000,000	7.105		
18,000,000	4.829	45,000,000	7.167		
19,000,000	4.953	46,000,000	7.228		
20,000,000	5.072	47,000,000	7.287		
21,000,000	5.187	48,000,000	7.346		
22,000,000	5.298	49,000,000	7.403		
23,000,000	5.406	50,000,000	7.460		
24,000,000	5.511				