SERFF Tracking Number:	FRCS-125850993	State:	Arkansas
Filing Company:	Virginia Surety Company, Inc.	State Tracking Number:	EFT $100
Company Tracking Number:	5007-R		
TOI:	09.0 Inland Marine	Sub-TOI:	09.0009 Travel Coverage
Product Name:	Travel Insurance Policy		
Project Name/Number:	VASURETY/62/62		

Filing at a Glance

Company: Virginia Surety Company, Inc.

Product Name: Travel Insurance Policy	SERFF Tr Num: FRCS-125850993	State: Arkansas
TOI: 09.0 Inland Marine	SERFF Status: Closed	State Tr Num: EFT $100
Sub-TOI: 09.0009 Travel Coverage	Co Tr Num: 5007-R	State Status: Fees verified and received
Filing Type: Rate/Rule	Co Status: None	Reviewer(s): Alexa Grissom, Betty Montesi
	Authors: Exselsa Cartwright, Johnna Kemp	Disposition Date: 11/20/2008
	Date Submitted: 11/14/2008	Disposition Status: Filed
Effective Date Requested (New): On Approval		Effective Date (New): 12/07/2008
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal):

State Filing Description:

General Information

Project Name: VASURETY/62	Status of Filing in Domicile: Pending
Project Number: 62	Domicile Status Comments: Submitted at a future date.
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 11/20/2008	
State Status Changed: 11/20/2008	Deemer Date:
Corresponding Filing Tracking Number: FRCS-125850992	

Filing Description:

The above referenced rate and rule manual is being submitted for your review and approval. The manual is new and not intended to replace any manual previously approved by your Department.

This rate and rule manual is used for the Travel Services Program which provides benefits for individual trips (on a per trip basis) as well as annual/multi-trip accounts with multiple passengers. Trips can be sold via direct, retail or

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Product Name:	Travel Insurance Policy		
Project Name/Number:	VASURETY/62/62		

wholesale markets as well as blanket with membership in a participating organization or group. Trip duration varies, without majority of the trips being less than 14 days but can be up to one year (a factor that is included in the manual to account of these differences). The coverage is non-renewable.

The coverage is provided to the insured either on a voluntary basis or may be provided on a mandatory or blanket basis. On the mandatory basis where all individuals purchasing travel services through the sponsoring organization or all members of a specific group are automatically insured.

Depending on the selection, benefits for the Travel Services Program can include:
• Accidental Death and Dismemberment
• Accidental Death and Dismemberment-Common Carrier Only
• Accident Medical Expense
• Accident Medical Expense-Emergency Only
• Accidental Injury-Hospital Indemnity
• Baggage Delay
• Baggage and Personal Effects
• Collision Damage Waiver/Loss Damage Waiver
• Emergency Evacuation
• Emergency Helicopter Transport
• Flight Only-Accident Death and Dismemberment
• Hotel/Motel Burglary
• Itinerary Change
• Lost Baggage
• Lost Ski Days
• Missed Connection
• Property Damage
• Rental Car Person Accident
• Repatriation of Mortal Remains
• Search and Rescue
• Sickness Medical Expense
• Sickness Medical Expense-Emergency Only
• Sickness-Hospital Indemnity

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• Ticket Saver/Lost Ticket

• Trip Cancellation

• Trip Cancellation for Any Reason

• Trip Delay

• Trip Interruption

• Trip Interruption-Disablement

To the best of our knowledge, this filing is complete and intended to comply with the insurance laws of your jurisdiction.

Company and Contact

Filing Contact Information

(This filing was made by a third party - FC01)

Exselsa Cartwright, Compliance Specialist   exselsa.cartwright@firstconsulting.com

1020 Central   (800) 927-2730 [Phone]

Kansas City, MO 64105   (816) 391-2755[FAX]

Filing Company Information

Virginia Surety Company, Inc.	CoCode: 40827	State of Domicile: Illinois
175 West Jackson Blvd.	Group Code: 4254	Company Type:
Chicago, IL 60604	Group Name: The Warranty Group	State ID Number:
(800) 209-6206 ext. [Phone]	FEIN Number: 36-3186541	

Filing Fees

Fee Required?	Yes
Fee Amount:	$100.00
Retaliatory?	No
Fee Explanation:	Per your department requirements, an initial rate filing is $100.00 . Therefore, the fee for this filing will be $100.00.
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Virginia Surety Company, Inc.	$100.00	11/14/2008	23948521

SERFF Tracking Number:	*FRCS-125850993*	*State:*	*Arkansas*
Filing Company:	*Virginia Surety Company, Inc.*	*State Tracking Number:*	*EFT $100*
Company Tracking Number:	*5007-R*		
TOI:	*09.0 Inland Marine*	*Sub-TOI:*	*09.0009 Travel Coverage*
Product Name:	*Travel Insurance Policy*		
Project Name/Number:	*VASURETY/62/62*		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	11/20/2008	11/20/2008

SERFF Tracking Number:	FRCS-125850993	State:	Arkansas
Filing Company:	Virginia Surety Company, Inc.	State Tracking Number:	EFT $100
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Product Name:	Travel Insurance Policy		
Project Name/Number:	VASURETY/62/62		

Disposition

Disposition Date: 11/20/2008

Effective Date (New): 12/07/2008

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Virginia Surety Company, Inc.	%	$		$	%	%	%

SERFF Tracking Number:	FRCS-125850993	State:	Arkansas
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Product Name:	Travel Insurance Policy		
Project Name/Number:	VASURETY/62/62		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Authorization	Filed	Yes
Rate	Rate and Rule Manual	Filed	Yes

Rate Information

Rate data applies to filing.

Filing Method: Prior approval

Rate Change Type: Neutral

Overall Percentage of Last Rate Revision: Neutral

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Virginia Surety Company, Inc.	%	%				%	%

SERFF Tracking Number:	*FRCS-125850993*	*State:*	*Arkansas*
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TOI:	*09.0 Inland Marine*	*Sub-TOI:*	*09.0009 Travel Coverage*
Product Name:	*Travel Insurance Policy*		
Project Name/Number:	*VASURETY/62/62*		

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	Rate and Rule Manual	TSP-RRM	New		TSP-RRM _9.08_combo-dist.pdf

VIRGINIA SURETY

COMPANY, INC.

175 West Jackson Blvd.
Chicago, IL 60604

Travel Services Program

Manual of Rules and Rates

TABLE OF CONTENTS

I. Overview

This manual provides loss costs for specific benefits in Travel Services policies. The net loss cost for a policy is the sum of the loss costs for each benefit offered, adjusted at the program level as described in the section "Program Rating Factors" at the end of the manual. The Gross Premium is calculated by applying the appropriate expense loads to the net loss cost.

The loss costs quoted are per person, per trip. This manual may also be used to rate multiple-trip annual accounts or reservations with multiple passengers. For these cases, appropriate factors, determined by underwriting judgment, demographics, and account experience, will be applied to the loss costs from this manual.

II. Coverage

a. Accidental Death and Dismemberment
    i. Accidental Death and Dismemberment
    ii. Flight Only - Accidental Death and Dismemberment
    iii. Accidental Death and Dismemberment – Common Carrier Air Only

1. Loss Cost = (Base Loss Cost)(Trip Duration Factor)

2. Base Loss Cost = (rate per $1,000)(face amount in $1,000's)

3. Rates per $1,000
   All accidents...$ 0.023
   Flight only...$ 0.019
   Common carrier, air only ....$ 0.014

4. Trip Duration Factors

Duration (days)					
0-14	15-30	31-60	61-90	91-180	181-365
1.00	1.05	1.15	1.25	1.60	2.00

5. Example

   Assume face amount $250,000, all accidents, 42-day trip
   Rate per $1,000 = $0.023
   Face amount in $1,000's = $250,000 / $1,000 = 250
   Base Loss Cost = 250($0.023) = $5.75
   Trip Duration Factor = 1.15
   Loss Cost = ($5.75)(1.15) = $6.61

b. Baggage Delay.

    1. Loss Costs

Coverage Limit	Loss Cost
$ 100	$ 0.080
200	0.095
300	0.110
400	0.125
500	0.140
600	0.150
700	0.160
800	0.170
900	0.180
1,000	0.190

c. Collision Damage Waiver / Loss Damage Waiver.

    1. Loss Costs

Coverage Limit	Loss Cost
$ 500	$0.625
1,000	0.850
1,500	1.075
2,000	1.300
2,500	1.525
3,000	1.665
3,500	1.805
4,000	1.945
4,500	2.085
5,000	2.225

d. Emergency Helicopter Transport.

    1. Loss Cost = $0.15 per person per month

    2. Underwriting judgment may be used to debit or credit this loss cost based on demographics of the insured group.

e. Emergency Evacuation
   i. Emergency Evacuation
   ii. Emergency Evacuation and Repatriation of Remains – Combined Limit
   iii. Repatriation of Mortal Remains

1. Loss Costs

Maximum Emergency Evacuation or Combined Benefit	Loss Cost for Emergency Evacuation	Loss Cost for Emergency Evacuation and Repatriation	Maximum Repatriation Benefit	Loss Cost for Repatriation Only
$ 10,000	$ 1.05	$ 1.22	$ 5,000	0.22
15,000	1.30	1.45	7,500	0.23
20,000	1.45	1.58	10,000	0.24
30,000	1.58	1.70	12,500	0.25
40,000	1.68	1.77	15,000	0.26
50,000	1.70	1.81	17,500	0.27
75,000	1.72	1.83	20,000	0.28
100,000	1.73	1.85	22,500	0.29
150,000	1.75	1.87	25,000	0.30
200,000	1.76	1.89	35,000	0.31
250,000	1.78	1.91	45,000	0.32
300,000	1.80	1.93	55,000	0.33
350,000	1.82	1.94	65,000	0.34
400,000	1.84	1.96	75,000	0.35
450,000	1.85	1.98		
500,000	1.87	2.00		
550,000	1.89	2.02		
600,000	1.91	2.04		
650,000	1.93	2.06		
700,000	1.95	2.08		
750,000	1.97	2.11		
800,000	1.99	2.13		
850,000	2.01	2.15		
900,000	2.03	2.17		
950,000	2.05	2.19		
1,000,000	2.07	2.21		

2. Notes: Maximum benefits between listed values take the loss cost for the higher value.

   For Emergency Evacuation and Combined Limit, the loss cost for maximum benefit $100,000 + ($50,000)n is the loss cost for maximum benefit $100,000 multiplied by 1.01 to the n-th power. For Repatriation alone, the loss cost for maximum benefit $25,000 +($10,000)n is the loss cost for maximum benefit $25,000 plus $0.01n. For convenience, the values for most practical limits are tabulated above.

3. Example.

   Assume repatriation alone, maximum benefit $90,000.
   Loss Cost = $0.35+(0.01)(2) = $0.37

f. Hospital Indemnity
   i. Accidental Injury – Hospital Indemnity
   ii. Sickness – Hospital Indemnity

1. Loss Cost = (Base Loss Cost)(Trip Duration Factor)

2. Base Loss Cost = Constant + Factor(Maximum Benefit in $100's)

Plan	Maximum	Constant	Factor
Accidental Injury	up to $500	$0	$0.20
	greater than $500	0.50	0.10
Sickness	up to $500	0	0.35
	greater than $500	0.85	0.18

3. Trip Duration Factors

Plan	Duration (days)					
	0-14	15-30	31-60	61-90	91-180	181-365
Accidental Injury	1.00	1.10	1.25	1.45	2.00	2.50
Sickness	1.00	1.20	1.35	1.65	2.30	2.75

4. Example

   Assume Accidental Injury, limit $800, 21-day trip.
   Maximum benefit in $100's = $800 / $100 = 8
   Constant = $0.50
   Factor = $0.10
   Base Loss Cost = $0.50 + $0.10(8) = $1.30
   Trip Duration Factor = 1.10
   Loss Cost = ($1.30)(1.10) = $1.43

g. Itinerary Change.

1. Loss Cost

Coverage Limit	Loss Cost
$ 100	$0.045
200	0.060
300	0.075
400	0.090
500	0.105
1000	0.113
1500	0.121
2000	0.129
2500	0.137
3000	0.145
3500	0.153
4000	0.161
4500	0.169
5000	0.177

h. Lost Baggage; Baggage & Personal Effects; Hotel/Motel Burglary.

1. Loss Costs

Coverage Limit	Plan		
	Lost Baggage	Baggage & Personal Effects	Hotel/Motel Burglary
$ 500	$0.100	$0.120	$0.675
1,000	0.130	0.170	0.925
1,500	0.145	0.190	1.175
2,000	0.160	0.210	1.425
2,500	0.175	0.230	1.675
3,000	0.190	0.250	1.825
3,500	0.205	0.270	1.975
4,000	0.220	0.290	2.125
4,500	0.235	0.310	2.275
5,000	0.250	0.330	2.425

i. Lost Ski Days.

1. Loss Cost

Trip Cost		Loss
From	To	Cost
$ 0	$ 500	$0.006
501	1,000	0.009
1,001	1,500	0.011
1,501	2,000	0.014
2,001	2,500	0.018
2,501	3,000	0.023
3,001	3,500	0.027
3,501	4,000	0.033
4,001	4,500	0.038
4,501	5,000	0.043
5,001	5,500	0.054
5,501	6,000	0.059
6,001	6,500	0.064
6,501	7,000	0.070
7,001	8,000	0.077
8,001	9,000	0.087
9,001	10,000	0.097

j. Medical Expense
   i. Accident Medical Expense
   ii. Accident & Sickness Medical Expense - Combined Limit
   iii. Accident Medical Expense – Emergency Only
   iv. Accident & Sickness Medical Expense – Emergency Only – Combined Limit
   v. Sickness Medical Expense
   vi. Sickness Medical Expense – Emergency Only

2. Loss Cost = (Base Loss Cost)(Benefit Factor)(Trip Duration Factor)

3. Base Loss Costs

   Accident...$0.220
   Accident & Sickness, Combined Limit $0.650
   Accident, Emergency Only...$0.104
   Accident & Sickness, Emergency Only, Combined Limit $0.270
   Sickness..$0.500
   Sickness, Emergency Only $0.197

4. Benefit Factors

Maximum	Deductible				
	$0	$25	$50	$100	$250
$500	0.37	0.34	0.29	0.25	0.14
1,000	0.46	0.42	0.38	0.33	0.23
2,500	0.72	0.68	0.62	0.57	0.47
5,000	0.91	0.86	0.79	0.74	0.61
7,500	0.94	0.89	0.84	0.78	0.64
10,000	1.00	0.95	0.89	0.83	0.69
25,000	1.03	0.98	0.92	0.86	0.73
50,000	1.06	1.01	0.95	0.89	0.77
100,000	1.09	1.04	0.98	0.92	0.81
250,000	1.12	1.07	1.00	0.95	0.83
500,000	1.14	1.08	1.02	0.98	0.85
$1,000,000	1.15	1.15	1.04	1.00	0.87

5. Trip Duration Factors

Plan	Duration (days)					
	0-14	15-30	31-60	61-90	91-180	181-365
Accident	1.00	1.10	1.25	1.45	2.00	2.50
A&S, Combined Limit	1.00	1.17	1.32	1.58	2.20	2.65
Accident, Emergency Only	1.00	1.10	1.25	1.45	2.00	2.50
A&S, Emerg. Only, Comb. Limit	1.00	1.17	1.32	1.58	2.20	2.65
Sickness	1.00	1.20	1.35	1.65	2.30	2.75
Sickness, Emergency Only	1.00	1.20	1.35	1.65	2.30	2.75

6. Example

Assume A&S Combined Limit, maximum $100,000, deductible $100, 4-day trip
Base Loss Cost = $0.65
Benefit Factor = 0.92
Trip Duration Factor = 1.00
Loss Cost = ($0.65)(0.92)(1.00) = $0.60

k. Missed Connection.

1. Loss Costs

Coverage Limit	Loss Cost
$ 100	$0.010
300	0.020
500	0.030
700	0.040
1,000	0.050
2,000	0.060
3,000	0.070
4,000	0.080
5,000	0.090

l. Property Damage.

1. Loss Cost

Coverage Limit	Loss Cost
$ 500	$0.027
1,000	0.028
1,500	0.029
2,000	0.030
2,500	0.031
3,000	0.032
3,500	0.033
4,000	0.034
4,500	0.035
5,000	0.036
10,000	0.037
20,000	0.038
Each additional $10,000	Add $0.001

m. Rental Car Personal Accident.

    1. Loss Cost = (Base Loss Cost)(Trip Duration Factor)

    2. Base Loss Cost = $0.016

    3. Trip Duration Factors

Duration (days)					
0-14	15-30	31-60	61-90	91-180	181-365
1.00	1.05	1.15	1.25	1.60	2.00

    4. Example

        Assume a trip of 45 days.
        Base Loss Cost = $0.016
        Trip Duration Factor = 1.15
        Loss Cost = ($0.016)(1.15) = $0.018

n. Search and Rescue.

    1. Loss Cost

Coverage limit	Loss Cost
$ 15,000	$0.234
20,000	0.240
25,000	0.246
30,000	0.252
35,000	0.258
40,000	0.264
45,000	0.270
50,000	0.276
Each additional $5,000	Add $0.002

o. Ticket Saver/Lost Ticket.

1. Loss Cost

Trip Cost		Loss
From	To	Cost
$ 0	$ 500	$0.005
501	1,000	0.007
1,001	1,500	0.009
1,501	2,000	0.011
2,001	2,500	0.015
2,501	3,000	0.018
3,001	3,500	0.021
3,501	4,000	0.026
4,001	4,500	0.030
4,501	5,000	0.034
5,001	5,500	0.043
5,501	6,000	0.047
6,001	6,500	0.051
6,501	7,000	0.056
7,001	8,000	0.062
8,001	9,000	0.070
9,001	10,000	0.078

p. Trip Cancellation; Trip Cancellation for Any Reason.

1. Loss Cost = (Base Loss Cost)(Cancellation Penalty Factor)

2. Base Loss Cost

Trip Cost		Plan	
From	To	Trip Cancellation	Trip Cancellation for Any Reason
$ 0	$ 500	$ 14.15	$ 21.23
501	1,000	22.24	33.36
1,001	1,500	27.63	41.45
1,501	2,000	35.04	52.56
2,001	2,500	45.82	68.73
2,501	3,000	56.60	84.90
3,001	3,500	67.05	100.58
3,501	4,000	81.54	122.31
4,001	4,500	94.34	141.51
4,501	5,000	107.48	161.22
5,001	5,500	120.77	181.16
5,501	6,000	133.57	200.36
6,001	6,500	146.21	219.32
6,501	7,000	158.54	237.81
7,001	8,000	170.72	256.08
8,001	9,000	182.65	273.98
9,001	10,000	194.26	291.39
10,001	20,000	201.64	308.00
20,001	35,000	209.71	326.48
35,001	50,000	218.62	347.29
50,001	75,000	229.33	372.82
75,001		241.26	401.90

3. Cancellation Penalty Factors

Cancellation Penalty	Factor
Penalty <= Deposit and Penalty < 10%(trip cost)	0.20
Deposit < Penalty <= 10% (trip cost)	0.35
10%(trip cost) < Penalty <= 25% (trip cost)	0.50
25%(trip cost) < Penalty <= 50% (trip cost)	0.65
50%(trip cost) < Penalty < 75% (trip cost)	0.80
Penalty = 75% (trip cost)	1.00
75%(trip cost) < Penalty	1.25

4. Example

    Assume trip cost $7,800, penalty 66 2/3%, Trip Cancellation for Any Reason
    Base Loss Cost = $256.08
    Cancellation Penalty Factor = 0.80
    Loss Cost = ($256.08)(0.80) = $204.86

q. Trip Delay.

1. Loss Costs

Coverage	Per-day Limit			
Limit	$100 or less	$150	$200 or more	None
$ 100	0.051	0.054	0.057	$0.060
200	0.068	0.072	0.076	0.080
300	0.085	0.090	0.095	0.100
400	0.102	0.108	0.114	0.120
500	0.119	0.126	0.133	0.140
1,000	0.128	0.135	0.143	0.150
1,500	0.136	0.144	0.152	0.160
2,000	0.145	0.153	0.162	0.170
2,500	0.153	0.162	0.171	0.180
3,000	0.162	0.171	0.181	0.190
3,500	0.170	0.180	0.190	0.200
4,000	0.179	0.189	0.200	0.210
4,500	0.187	0.198	0.209	0.220
5,000	0.196	0.207	0.219	0.230

r. Trip Interruption; Trip Interruption – Disablement.

a. Loss Cost = (Base Loss Cost)(Trip Duration Factor)

b. Base Loss Cost

Trip Cost		Plan	
From	To	Trip Interruption	Trip Interruption – Disablement
$ 0	$ 500	$ 1.78	$ 0.44
501	1,000	2.79	0.70
1,001	1,500	3.47	0.87
1,501	2,000	4.40	1.10
2,001	2,500	5.75	1.44
2,501	3,000	7.11	1.78
3,001	3,500	8.42	2.11
3,501	4,000	10.24	2.56
4,001	4,500	11.85	2.96
4,501	5,000	13.50	3.37
5,001	5,500	15.23	3.81
5,501	6,000	16.93	4.23
6,001	6,500	18.69	4.67
6,501	7,000	20.35	5.09
7,001	8,000	21.91	5.48
8,001	9,000	23.34	5.83
9,001	10,000	24.75	6.19
10,001	20,000	25.69	6.42
20,001	35,000	26.72	6.68
35,001	50,000	27.86	6.96
50,001	75,000	29.22	7.31
75,001		30.74	7.69

c. Trip Duration Factors

Duration (days)					
0-14	15-30	31-60	61-90	91-180	181-365
1.00	1.20	1.35	1.65	2.30	2.75

d. Example

Assume trip cost $7,800, duration 21 days, Trip Interruption
Base Loss Cost = $21.91
Trip Duration Factor = 1.20
Loss Cost = ($21.91)(1.20) = $26.29

III. Program Rating Factors.

a. International / Domestic Factor

The following factor should be applied in order to recognize differences in expected loss costs between international and domestic travel:

Domestic 0.80
International 1.10

b. Primary Insurance / Excess Insurance

The following factor should be applied to recognize differences in expected loss costs between Primary and Excess insurance:

Primary..................................1.12
Excess 1.00

c. Age bands

At the program level, the following factors should be applied to recognize differences in expected loss costs by age of the insured:

Age 0 – 30..............................0.50
31 – 39...................................0.75
40 – 49...................................0.90
50 – 59...................................1.00
60 – 69...................................1.17
70 – 74...................................1.33
75 – 80...................................1.75
81 and greater.........................2.25

d. Voluntary / Mandatory Factor

The loss costs in the manual represent voluntary business. This means that the insured makes a decision to purchase the insurance plan that is offered. By contrast, under a mandatory program all individuals purchasing travel services through the sponsoring organization are automatically insured. If a program is mandatory, the following factors should be applied to recognize the reduction in expected loss costs by elimination of adverse selection:

Age 0 – 30..............................0.70
31 – 39...................................0.65
40 – 49...................................0.60
50 – 59...................................0.55
60 – 69...................................0.50
70 – 74...................................0.45
75 – 80...................................0.40
81 and greater.........................0.35

e. Experience Modifier

Experience rating recognizes differences in expected loss costs among different tour operators or travel agents (collectively "travel companies"). Expected loss costs may differ among travel companies due to several factors, including but not limited to their cancellation policies, their destinations, their financial stability, their marketing methods, and specific policy provisions. It is not feasible to incorporate all such factors into the manual rates, but their impact on future expected loss costs may be estimated from past experience. Experience rating affects prospective loss costs applicable to new contracts at the program level. It does not affect any individual policy already purchased, nor does it change the rates quoted by a given travel company during any period for which those rates have been guaranteed.

The experience modification is based on experience of the most recent available three-year period, using the following model:

(Adjusted loss costs) = (Manual loss costs)(Experience Modifier), where

Manual Loss Costs = loss costs determined from this manual including adjustments (1) through (4) above.

Experience Modifier = (1-Z) + Z(Experience Factor)/(Target Loss Ratio) if experience is available, otherwise = 1.00.

Experience Factor = (IL1+IL2+IL3) / (CP1 + CP2 + CP3)

IL1, IL2, IL3 are incurred losses in years 1, 2, and 3

CP1, CP2, and CP3 are earned premiums for years 1, 2, and 3, converted to the current manual rate level

Z = credibility factor, determined from the following table, where "lives" is L1 + L2+ L3, the sum of the lives insured in years 1, 2, and 3:

Lives	0-249	250-749	750-1499	1500-2499	2500-4999	>5000
Z	0.00	0.20	0.40	0.60	0.80	1.00

Target Loss Ratio = Company-wide ratio of current actual losses to expected losses based on manual rates; this may differ from 1.00 as changing conditions affect the overall adequacy of manual rates.

f. Interpolation Formula for Rating between Benefit Amounts:

Low Limit of available Range: (L)
Rate for Low Limit: (Rate-L)

High Limit of available Range: (H)
Rate for High Limit: (Rate-H)

Desired Limit: (D)

Rate for Desired Limit: (Rate-D) =

(Rate-L) + { [(Rate-H)–(Rate-L)] X { [(D – L] / [H – L] }

g. Interpolation Example:

Low Limit of available Range (L): $1,000
Rate for Low Limit (Rate-L): $22.24

High Limit of available Range (H): $1,500
Rate for High Limit (Rate-H): $27.63

Desired Limit (D): $1,100

Rate for Desired Limit (Rate-D):

(Rate-L) + { [(Rate-H) – (Rate-L)] X [(D – L) / (H – L)] }

$22.24 + (27.63 – 22.24) X { (1,100 – 1,000) / (1,500 – 1,000) }

$22.24 + (5.39) X (100 / 500)

$22.24 + 1.078

$23.32

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		Review Status:	
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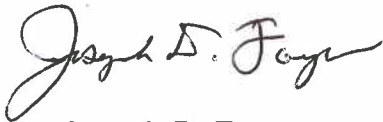
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To: The Honorable Commissioner or Director of Insurance

Date: October 13, 2008

Re: Authorization to Represent Virginia Surety Company, Inc.

This letter, or a copy thereof, will authorize the consulting firm of First Consulting & Administration, Inc., Kansas City, Missouri, to represent Virginia Surety Company Inc. before your Insurance Department solely with respect to matters concerning the filing for approval of Virginia Surety's Travel Services Program and, if required, associated premium rates.   This Authorization is to remain in effect until revoked in writing by Virginia Surety Company, Inc.

Please direct any correspondence in relation to this filing to First Consulting & Administration, Inc. 1020 Central, Suite 201, Kansas City, Missouri 64105-1670, 1-800-927-2730 or by e-mail at inquiry@firstconsuting.com..

By: Joseph D. Fagan
        Vice President & Senior Counsel