

SERFF Tracking Number: TWRG-125888871 State: Arkansas
Filing Company: Tower Insurance Company of New York State Tracking Number: EFT \$100
Company Tracking Number: 08-AR-2-CF-72
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property -Independent
Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Filing at a Glance

Company: Tower Insurance Company of New York

Product Name: Commercial Property - Independent SERFF Tr Num: TWRG-125888871 State: Arkansas

TOI: 01.0 Property SERFF Status: Closed State Tr Num: EFT \$100
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines) Co Tr Num: 08-AR-2-CF-72 State Status: Fees verified and received

Filing Type: Rule Co Status: Pending Reviewer(s): Betty Montesi, Llyweyia Rawlins
Author: Sheila Levine Disposition Date: 11/07/2008
Date Submitted: 11/06/2008 Disposition Status: Exempt from Review

Effective Date Requested (New): On Approval Effective Date (New): 11/07/2008
Effective Date Requested (Renewal): On Approval Effective Date (Renewal): 11/07/2008

State Filing Description:

General Information

Project Name: AR CP Flood, EQ, EB Rules

Project Number: 08-AR-2-CF-72

Reference Organization: N/A

Reference Title:

Filing Status Changed: 11/07/2008

State Status Changed: 11/07/2008

Corresponding Filing Tracking Number: 08-AR-3-CF-73

Filing Description:

Tower Insurance Company of New York (TICNY) is submitting for your approval our independent Commercial Property rules. We are proposing an effective date coincident with your date of approval.

The Flood, Earthquake and Equipment Breakdown rules are being revised and we are introducing a revision to the

SERFF Tracking Number: *TWRG-125888871* *State:* *Arkansas*
Filing Company: *Tower Insurance Company of New York* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *08-AR-2-CF-72*
TOI: *01.0 Property* *Sub-TOI:* *01.0001 Commercial Property (Fire and Allied Lines)*

Product Name: *Commercial Property -Independent*
Project Name/Number: *AR CP Flood, EQ, EB Rules/08-AR-2-CF-72*

Ordinance Or Law Coverage rule.

We are simultaneously filing the corresponding endorsements as 08-AR-3-CF-73.

Attached is the explanatory memorandum along with the rules.

Company and Contact

Filing Contact Information

Sheila Levine, Senior Business Analyst slevine@twrgp.com
 120 Broadway, 31st Floor (212) 655-2017 [Phone]
 New York, NY 10271-3199 (646) 304-3378[FAX]

Filing Company Information

Tower Insurance Company of New York	CoCode: 44300	State of Domicile: New York
120 Broadway, 31st Floor	Group Code: 3703	Company Type: Property & Casualty
New York, NY 10271-3199	Group Name: Tower Group Companies	State ID Number:
(212) 655-2000 ext. [Phone]	FEIN Number: 13-3548249	-----

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Tower Insurance Company of New York	\$100.00	11/06/2008	23751216

SERFF Tracking Number: TWRG-125888871 State: Arkansas
Filing Company: Tower Insurance Company of New York State Tracking Number: EFT \$100
Company Tracking Number: 08-AR-2-CF-72
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property -Independent
Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	11/07/2008	11/07/2008

SERFF Tracking Number: TWRG-125888871 *State:* Arkansas
Filing Company: Tower Insurance Company of New York *State Tracking Number:* EFT \$100
Company Tracking Number: 08-AR-2-CF-72
TOI: 01.0 Property *Sub-TOI:* 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property -Independent
Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Disposition

Disposition Date: 11/07/2008

Effective Date (New): 11/07/2008

Effective Date (Renewal): 11/07/2008

Status: Exempt from Review

Comment:

This line is exempt from filing rates/rules in compliance with ACA 23-67-206 which states that P&C insurance for commercial risks, excluding workers' compensation, employers' liability and professional liability insurance, including but not limited to, medical malpractice insurance, are exempted from the rate/rule filing and review requirements.

Rate data does NOT apply to filing.

SERFF Tracking Number: TWRG-125888871 State: Arkansas
 Filing Company: Tower Insurance Company of New York State Tracking Number: EFT \$100
 Company Tracking Number: 08-AR-2-CF-72
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Commercial Property -Independent
 Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Item Type	Item Name	Item Status	Public Access
Supporting Document	Explanatory Memorandum	Accepted for Informational Purposes	Yes
Rate	Company Exception Pages	Accepted for Informational Purposes	Yes
Rate	Company Exception Pages	Accepted for Informational Purposes	Yes
Rate	Equipment Breakdown Coverage	Accepted for Informational Purposes	Yes

SERFF Tracking Number: *TWRG-125888871* *State:* *Arkansas*
Filing Company: *Tower Insurance Company of New York* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *08-AR-2-CF-72*
TOI: *01.0 Property* *Sub-TOI:* *01.0001 Commercial Property (Fire and Allied Lines)*

Product Name: *Commercial Property -Independent*
Project Name/Number: *AR CP Flood, EQ, EB Rules/08-AR-2-CF-72*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: TWRG-125888871 State: Arkansas
 Filing Company: Tower Insurance Company of New York State Tracking Number: EFT \$100
 Company Tracking Number: 08-AR-2-CF-72
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
 Product Name: Commercial Property -Independent
 Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Filing Attachments
Accepted for Informational Purposes	Company Exception Pages	CF-C-E-2	Replacement	#117446 \$100	CF-C-E-2_AR_08.pdf
Accepted for Informational Purposes	Company Exception Pages	CF-C-E-3	New		CF-C-E-3_AR.pdf
Accepted for Informational Purposes	Equipment Breakdown Coverage	EB-R-1	Replacement	#117446 \$100	Equipment Breakdown Rules_08.pdf

**COMMERCIAL LINES MANUAL
DIVISION FIVE
COMMERCIAL FIRE AND ALLIED LINES
COMPANY EXCEPTION PAGES**

ARKANSAS (03)

FLOOD ENDORSEMENTS (Cont'd)

At the insured's request, attach optional Special Flood Endorsement **CP9 10 07** or Superior Flood Endorsement **CP9 10 08** to the Causes of Loss – Special Form in order to provide flood coverage. The base limit is a \$1,000,000 limit with a \$25,000 deductible. The charge is as follows:

CP9 10 08 = .005 X Total Insurance Value (ITV) per hundred (base charge)

CP9 10 07 = .00375 X Total Insurance Value (ITV) per hundred (base charge)

INCREASED LIMITS FACTORS	
Limit of Liability	Factor
\$ 1,000,000	-
2,000,000	1.100
3,000,000	1.210
4,000,000	1.331
5,000,000	1.464

The standard deductible is \$25,000. To revise the deductible, apply the following factors:

Deductible	Factor
\$10,000	1.15
25,000	1.00
50,000	0.95
100,000	0.90
250,000	0.75

LIMITED WATER DAMAGE COVERAGE

At the insured's request, attach optional Limited Water Damage Coverage Endorsement **CP9 10 02** to the Causes of Loss Form in order to provide limited water damage coverage as a COVERED CAUSE OF LOSS. Apply a flat charge as follows to each location:

Limit of Liability	Premium
\$ 25,000	\$50.00
100,000	100.00
250,000	150.00
500,000	200.00
1,000,000	250.00

The basic deductible is \$1,000. To increase the deductible, apply the following credits to the above flat charge:

Deductible	Factor
\$ 2,500	0.95
5,000	0.90
10,000	0.85
25,000	0.80

EARTHQUAKE ENDORSEMENT

At the insured's request, attach optional Earthquake Endorsement **CP9 10 03** to the Causes of Loss – Special Form in order to provide earthquake coverage. The base limit is a \$1,000,000 limit with a \$25,000 deductible. The charge is as follows:

.005 X Total Insurance Value (ITV) per hundred (base charge)

INCREASED LIMITS FACTORS	
Limit of Liability	Factor
\$ 1,000,000	-
2,000,000	1.100
3,000,000	1.210
4,000,000	1.331
5,000,000	1.464

The standard deductible is \$25,000. To revise the deductible, apply the following factors:

Deductible	Factor
\$10,000	1.15
25,000	1.00
50,000	0.95
100,000	0.90
250,000	0.75

**COMMERCIAL LINES MANUAL
DIVISION FIVE
COMMERCIAL FIRE AND ALLIED LINES
COMPANY EXCEPTION PAGES**

ARKANSAS (03)

INDIVIDUAL RISK PREMIUM MODIFICATION PLAN

Rule 3. is replaced by the following:

**RULE 3.
RATING MODIFICATION**

The company rates for the risk may be modified in accordance with the following rating table to recognize such special characteristics of the risk as are not fully reflected in the basic company premium or company rates. The total credits or debits under the following table shall not exceed 40%.

Rating Modifications

Risk Characteristics	Description	Range Of Modifications		
		Credits	Debits	
Management	Cooperation in matters of safeguarding and proper handling of the property covered.	13%	to	13%
Location	Accessibility, congestion and exposures.	11%	to	11%
Building Features	Age, condition and unusual structural features.	8%	to	8%
Premises And Equipment	Care, condition and type.	8%	to	8%
Employees	Selection, training, supervision and experience.	5%	to	5%
Protection	Not otherwise recognized.	3%	to	3%

Table 3. Rating Modifications

**RULE 38.
BUILDING AND PERSONAL PROPERTY COVERAGE
OPTIONS**

Paragraph D.1. is replaced by the following:

D. Ordinance Or Law Coverage

1. Building Coverage Including Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

Adjust 80% coinsurance building rate to 100%
(.50 x .90 = .450)

100% coins. rate x coverage factor x limit of insurance (in hundreds)

.450 x X x \$4,000 = \$1,890

- a. 1990 or newer = 1.02
- b. Risks which have been built or renovated in the last 30 years = 1.05
- c. Older than 30 years and not renovated or updated = 1.15

Any changes or modification for coverage options that apply in addition to the Ordinance or Law Coverage should be reflected under the premium for Building Coverage.

Equipment Breakdown Coverage

Independent rates and rules for rating Equipment Breakdown Coverage

1. Description

The Equipment Breakdown Endorsement provides coverage for fortuitous mechanical breakdown of pressure, mechanical and electrical equipment

2. Form

Use Equipment Breakdown Endorsement **CP9 04 05**.

3. Eligibility

This optional coverage may be written on any risk eligible for commercial property coverage under Division Five of the ISO Commercial Lines Manual

4. Rules

If this coverage applies, attach the endorsement to the policy and charge an additional premium as determined in Step 5. below.

5. Premium Determination

A premium charge is required for each Location where coverage applies.

Rate each location separately. We will apply 2.98% of the commercial property premium for Equipment Breakdown and Identity Recovery Coverages.

SERFF Tracking Number: TWRG-125888871 State: Arkansas
Filing Company: Tower Insurance Company of New York State Tracking Number: EFT \$100
Company Tracking Number: 08-AR-2-CF-72
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property -Independent
Project Name/Number: AR CP Flood, EQ, EB Rules/08-AR-2-CF-72

Supporting Document Schedules

Satisfied -Name: Explanatory Memorandum

Review Status:

Accepted for Informational 11/07/2008
Purposes

Comments:

See attached.

Attachment:

CF Rating Rules Explanatory Memo_10-08.pdf

COMMERCIAL PROPERTY RATING RULES EXPLANATORY MEMORANDUM

1. **Special Flood Endorsement, # CP9 10 07 10 08**

This rating rule complements the optional endorsement providing direct physical loss of or damage to Covered Property from loss due to flood.

This coverage can be excess of over the National Flood Insurance Program (NFIP) or the coverage can be written on a primary basis.

Historically we have offered limited flood coverage and have utilized a flat charge. While we do not anticipate writing much flood coverage, we believe that when it is offered we want to ensure that the rate contemplates the exposure. In addition, we want to add increased flexibility in terms of limits, deductibles and location.

The revised rating structure will be based upon the amount of insurance requested and applying a rate of .00375 per \$100 of value. In addition, the standard deductible is revised to \$25,000, which can be increased or decreased with the application of deductible relativity factors.

2. **Superior Flood Endorsement, # CP9 10 08 10 08**

This rating rule complements the optional endorsement providing direct physical loss of or damage to Covered Property from loss due to flood.

This coverage can be excess of over the National Flood Insurance Program (NFIP) or the coverage can be written on a primary basis.

Historically we have offered limited flood coverage and have utilized a flat charge. While we do not anticipate writing much flood coverage, we believe that when it is offered we want to ensure that the rate contemplates the exposure. In addition, we want to add increased flexibility in terms of limits, deductibles and location.

The revised rating structure will be based upon the amount of insurance requested and applying a rate of .005 per \$100 of value. In addition, the standard deductible will be \$25,000, which can be increased or decreased with the application of deductible relativity factors.

3. **Earthquake Endorsement, # CP9 10 03 10 08**

This rating rule complements the optional endorsement providing direct physical loss of or damage to Covered Property from loss due to earthquake. The revised rating structure will be based upon the amount of insurance requested and applying a rate of .005 per \$100 of value. In addition, the standard deductible is revised to \$25,000, which can be increased or decreased with the application of deductible relativity factors.

Historically we have offered limited earthquake coverage and have utilized a flat charge. While we do not anticipate writing much flood coverage, we believe that when it is offered we want to ensure that the rate contemplates the exposure. In addition, we want to add increased flexibility in terms of limits, deductibles and location.

We have provided an illustration to show how our proposed rates better contemplate the exposures presented.

Example 1:

10 buildings with \$1,000,000 of coverage; \$25,000 deductible

	Bldg Coverage		Business Income		TIV
Bldg 1 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 2 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 3 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 4 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 5 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 6 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 7 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 8 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 9 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000
Bldg 10 =	\$5,000,000	+	\$1,000,000	=	\$6,000,000

#1 = Current rating structure
10 buildings = \$250

#2 = Revised rating structure
.005 x \$60,000,000 ÷ 100 = \$3,000

Example 2:

1 building with \$1,000,000 of coverage; \$25,000 deductible; \$200,000 Business Income

#1 = Current rating structure
1 building = \$250

#2 = Revised rating structure
.005 x \$1,200,000 ÷ 100 = \$60

4. Ordinance Or Law Coverage

This rating rule has been revised for Coverage A from a 15% charge to a charge for depending on the age of the buildings. We believe that for newer or renovated buildings the exposure is much less and therefore are reducing the Coverage A amount using the factor for Coverage A.

5. Equipment Breakdown Coverage

Recently for Equipment Breakdown Coverage we utilized a more simplified rule. We were using Rule F. Optional Methods for Simplified Rating and we are now placing on file the actual rating rule that we are using for Equipment Breakdown Coverage.