Filing at a Glance

Company: ACE American Insurance Company

Product Name: 08-KE-2007580(R)	SERFF Tr Num: ACEH-125522511	State: Arkansas
TOI: 17.2 Other Liability - Occurrence Only	SERFF Status: Closed	State Tr Num: EFT $100
Sub-TOI: 17.2013 Kidnap & Ransom Liability	Co Tr Num: 08-KE-2007580(R)	State Status: Fees verified and received
Filing Type: Rate/Rule	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Authors: Renice Cox, Viola McBride	Disposition Date: 03/18/2008
	Date Submitted: 03/07/2008	Disposition Status: Exempt from Review
Effective Date Requested (New): On Approval		Effective Date (New): 03/18/2008
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal): 03/18/2008

State Filing Description:

General Information

Project Name: Corporate Kidnap and Extortion	Status of Filing in Domicile:
Project Number: 08-KE-2007580	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 03/18/2008	
State Status Changed: 03/18/2008	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

The purpose of this filing is to introduce a new Corporate Kidnap and Extortion rate plan for ACE American Insurance Company. This new rate plan is replacing the existing rate plan, originally filed in 1996 by CIGNA Insurance Company. There are currently no in-force Corporate Kidnap and Extortion policies. In addition we are filing a revised Corporate Kidnap and Extortion Insurance Policy. The current policy form and rates do not fit our customers’ needs and this new form allows us to offer broadened coverage terms and rate parameters. This new policy form is replacing the existing policy form, originally filed in 1997 by CIGNA Insurance Company.

Company and Contact

Filing Contact Information

Renice Cox, Regulatory Specialist	renice.cox@ace-ina.com
436 Walnut Street, WB04G	(215) 640-4876 [Phone]
Philadelphia, PA 19106	(215) 640-4986[FAX]

Filing Company Information

ACE American Insurance Company	CoCode: 22667	State of Domicile: Pennsylvania
PO Box 1000	Group Code: 626	Company Type:
436 Walnut Street		
Philadelphia, PA 19106	Group Name:	State ID Number:
(215) 640-5123 ext. [Phone]	FEIN Number: 95-2371728	

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
ACE American Insurance Company	$100.00	03/07/2008	18429060

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	03/18/2008	03/18/2008

Disposition

Disposition Date: 03/18/2008
Effective Date (New): 03/18/2008
Effective Date (Renewal): 03/18/2008
Status: Exempt from Review
Comment:
This line is exempt from filing rates 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 filing and review requirements.

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:
ACE American Insurance Company	0.000%	$0	2	$8,724	0.000%	0.000%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Filing Memo	Accepted for Informational Purposes	Yes
Supporting Document	Rate Abstract	Accepted for Informational Purposes	Yes
Supporting Document	Profit Provision -AR	Accepted for Informational Purposes	Yes
Rate	Corporate Kidnap and Extortion Rating Plan (02/28/08)	Accepted for Informational Purposes	Yes
Rate	Corporate Kidnap and Extortion Rating Rules (02/28/08)	Accepted for Informational Purposes	Yes

Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	0.000%
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):
ACE American Insurance Company	0.000%	0.000%	$0	2	$8,724	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Accepted for Informational Purposes	Corporate Kidnap and Extortion Rating Plan (02/28/08)	Pages 1-20	Replacement		KE Rating Plan_02-08_08-KE-2007580.pdf
Accepted for Informational Purposes	Corporate Kidnap and Extortion Rating Rules (02/28/08)	Page 1	Replacement		KE Rating Rules_08-KE-2007580.pdf

ACE American Insurance Company
Corporate Kidnap and Extortion
Rating Plan

I. Basic Rating Plan

Step 1: Base Rate

Select base rate from the following table based on the total number of employees and annual sales/revenue:

	Revenue ($M)					
# of Employees	**0 - 50**	**51 - 100**	**101 - 500**	**501 - 1000**	**1001 - 5000**	**5001 +**
0 to 100	1,000	1,100	1,200	1,300	1,400	1,600
101 to 500	1,100	1,200	1,300	1,400	1,500	1,700
501 to 1000	1,200	1,300	1,400	1,500	1,600	1,800
1001 to 5000	1,300	1,400	1,500	1,600	1,700	1,900
5001 to 10000	1,400	1,500	1,600	1,700	1,800	2,000
10001 +	1,500	1,600	1,800	1,900	2,000	2,100

Base rates contemplate a $1,000,000 limit with a $0 deductible.

Step 2: Industry Modification

a. Industry Visibility Factor

Select factor from the table below based on industry and classification.

Industry	Classification	
	Standard	High Visibility
Agriculture	1.00	1.10
Chemical	1.00	1.20
Commercial Retail	1.00	1.05
Construction	1.00	1.15
Cosmetic Manufacturing	1.00	1.05
Education & Professional	1.00	1.15
Energy & Resource Extraction	1.00	1.30
Entertainment Media	1.05	1.15
Financial & Insurance Services	1.05	1.15
Food Manufacturing	1.00	1.10
Food Retailing	1.00	1.10
Government Contractor	1.00	1.30
Health Care Services	1.00	1.15
Manufacturing	1.00	1.05
Infrastructure	1.00	1.30
Other	1.00	1.10
Personal & Recreation Services	1.00	1.05
Pharmaceutical	1.00	1.20
Restaurants	1.00	1.05
Transportation & Tourism		
Air Transport	1.05	1.45
Cruise Ships	1.10	1.35
Rail Lines	1.10	1.35
Other	1.00	1.20
Utilities	1.00	1.15
Warehousing & Shipping	1.00	1.05

<u>Standard</u>

Products and services are either unknown or somewhat known to the general public

No foreign exposure (including business travel) in medium, high or very high countries

<u>High Visibility</u>

Products and services are well known to the general public

Foreign exposure (including business travel) in medium, high or very high countries

b.

Company Risk Classification Factor

Certain industries/risk classes are more likely than others to be targeted. Within this category, specific companies may have higher risks than others. This factor addresses the level of risk associated with a particular company in a particular area.

Select from the range of factors based on the level of concern:

Very confident	0.80 – .90
Confident	0.90 – 1.00
Comfortable	1.00
Low Concern	1.00 – 1.30
High Concern	1.30 – 2.00
Very High Concern	2.00 – 3.00

Considerations

- Visibility of insured – are persons, products or services known or somewhat known to the general public; high profile individuals
- Nature of business – is insured controversial (i.e. animal testing); politically or socially sensitive (certain medical research);
- Brand name company
- Has the industry group or company been targeted in the past
- Hijack Risk if airline related risk

Multiply the selected factors from Steps 2a and 2b to the base rate from Step 1.

Step 3: Financial Condition Modification

Select from the range of factors based on the level of concern:

Comfortable	1.00
Low Concern	1.00 – 1.15
High Concern	1.15 – 1.30

Considerations

- Revenues, working capital, liquid assets, personal net worth, alternative funding in excess of limit requested
- Ability to liquidate assets
- What is possibility they will be unable to pay a demand?
- If non-profit or start up, alternative sources of funding available

Multiply the selected factor from Step 3 to the result of Step 2.

Step 4: Country Modification

The Country Exposures Factor reflects the level of overseas risk presented by permanent, in country operations and travel to overseas countries

a. Permanent Exposure Risk Factor

Select from the range of factors based on the level of concern:

Confident	0.70 – 0.90
Comfortable	0.90 – 1.10
Low Concern	1.10 – 1.50
High Concern	1.50 – 2.00
Very High Concern	2.00 – 4.00

b. Travel Risk within Country Factory

Select from the range of factors based on the level of concern:

Confident	0.70 – 0.90
Comfortable	0.90 – 1.10
Low Concern	1.10 – 1.50
High Concern	1.50 – 2.00
Very High Concern	2.00 – 4.00

a. Considerations for Permanent Exposures

- Total # persons based overseas; as a percentage of overall employee population.
- Total # of persons based in Medium Risk countries
- Total 3 of Medium Risk countries traveled to
- Total # of persons based in High or Very High risk countries
- Total # of High or Very High risk countries traveled to.
- % of personnel in management; higher visibility personnel
- Rural vs. urban exposure
- % of employees in lower risk area of high risk country
- Detention risk

b. Considerations for Travel Exposures

- Total # of persons traveling overseas.
- Total # of persons traveling in Medium risk countries
- Total # of Medium risk countries traveled to
- Total # of persons traveling to High or Very High risk countries
- Total # of High or Very High risk countries traveled to.
- Frequency of travel
- Duration of travel

Multiply the selected factors from Steps 4a and 4b to the result from Step 3.

Step 5: Political Environment Modification

Select from the range of factors based on the level of concern:

Not applicable	1.00
Low concern	1.00 – 1.20
High concern	1.20 – 2.00
Very high concern	2.00 – 4.00

Considerations

- Recent internal political instability
- Recent terrorist events
- Increased tensions with neighboring countries
- Recent electoral issues

Multiply the selected factor from Step 5 to the result of Step 4.

<u>Step 6: Physical Security Modification</u>

The Physical Security Factors address the levels of security based on 3 general categories: Transit, accommodations and job site.

Select from the range of factors based on the level of concern:

Very Confident	0.80 – 0.90
Confident	0.90 – 1.00
Comfortable or N/A	1.00
Low Concern	1.00 – 1.50
High Concern	1.50 – 2.50
Very High Concern	2.50 – 5.00

<u>Physical Security Considerations</u>

- What is the need for security? Is company operating in Low, Medium or High risk environment?
- Depending on environment, the following should be considered for each of the security categories as applicable:
    - Type of security – perimeter, close protection…)
    - Type of security forces utilized, level of training and due diligence of such security forces
    - Type of journey management utilized
    - Type of living accommodations
    - Time/distance of any road travel
    - Is unescorted travel permitted within country?
- Are security plans tailored for different areas of risk?

Multiply the selected factor from Step 6 to the result of Step 5.

Step 7: Executive Training Modification

Select from the range of factors based on the level of concern:

Very Confident	0.80 – 0.90
Confident	0.90 – 1.00
Comfortable or N/A	1.00
Low Concern	1.00 – 1.30
High Concern	1.30 – 1.75
Very High Concern	1.75 – 2.50

Executive Training Considerations

- Level of employee trained
- Need for training (i.e. high risk environment)
- Outside vendor vs. in house training
- Type of training performed

Multiply the selected factor from Step 7 to the result of Step 6.

Step 8: Crisis Management Planning Modification

Assesses levels of preparedness

Select from the range of factors based on the level of concern:

Very Confident	0.80 – 0.90
Confident	0.90 – 0.95
Comfortable	0.95 – 1.00
Not applicable	1.00

- Preferred known vendor for Crisis Management
- Contingency/Evacuation plans
- Testing of plans
- Are plans updated?

Multiply the selected factor from Step 8 to the result of Step 7.

Step 9: Loss Experience Modification

The Claims History Factor reflects the overall risk due to prior threats, paid losses or recent claims. Prior incidents indicate a higher likelihood an account may be targeted again in the future

a. Prior incidents

None	0.75 – 1.00
Prior	1.00 – 1.20
Recent	1.20 – 1.40
Current	REFER

Prior Incidents Considerations

- # of years insured has been in operation; overall risk level(s) in areas of operation; risk level of insured in areas of operation – is this a new operation or one that has been managing risk for many years? Is insured is in a high risk environment with no claims or a low risk area with no claims. Credit given for managing high risk well.

b. Amount of Loss

None or N/A	0.80 – 0.90 (only used if no credit for "Prior Incidents")
Insignificant	0.90 – 1.10
Significant	1.10 – 1.20
Major	1.20 – 3.00

Amount of Loss Consideration

- Size of loss to company size
- Expenses only vs. ransom payment
- Number of insuring agreements triggered

c. Number of Incidents

0-1	1.00 – 1.10
2-3	1.10 – 1.30
3+	REFER

d. Resolution of Incident

Very Confident	0.80 – 0.90
Confident	0.90 – 1.00
Comfortable	1.00
Low Concern	1.00 – 1.30
High Concern	1.30 – 1.75
Very High Concern	1.75 – 3.00

Resolution of Incident Considerations

- Nature of loss (kidnap, detention, extortion…)
- Duration of incident
- Outcome of incident (ransom paid; victim released; % of demand paid)
- Covered by insurance?
- Paid by insurance?
- Did client heed advice of consultants?
- Arrest/convict?
- Measures taken to preclude future incidents?
- Legal action taken against company?

Multiply the selected factors from Steps 9a-d to the result from Step 8.

Step 10: Schedule Modification

Select from the range of factors for each category listed below:

Community relations programs	0.90 – 1.10
Community perception of risk class or insured specifically	0.90 – 1.20
Detention risk	1.00 – 1.20

Multiply the selected factors from Step 10 to the result from Step 9.

<u>Step 11: Increased Limits Factors</u>

Select factor from table below based on policy limit being priced. Interpolate between factors for limits not shown.

For excess rating, calculate ILF using the following procedure:
ILF = ILF(Limit + Attachment) – ILF(Attachment)

Limit	ILF
25,000	0.306
50,000	0.415
100,000	0.506
250,000	0.633
500,000	0.773
1,000,000	1.000
2,000,000	1.372
2,500,000	1.534
3,000,000	1.685
4,000,000	1.959
5,000,000	2.207
6,000,000	2.435
7,000,000	2.646
8,000,000	2.843
9,000,000	3.029
10,000,000	3.206
15,000,000	3.979
20,000,000	4.628
25,000,000	5.193
30,000,000	5.730
40,000,000	6.751
50,000,000	7.670
60,000,000	8.497
70,000,000	9.241
80,000,000	9.910
90,000,000	10.513
100,000,000	11.056
110,000,000	11.544
120,000,000	11.983
130,000,000	12.379
140,000,000	12.735
150,000,000	13.055
160,000,000	13.343
170,000,000	13.603
180,000,000	13.836
190,000,000	14.047
200,000,000	14.236

Multiply the selected factor from Step 11 to the result from Step 10 in order to determine the final premium for basic coverage.

II. Optional Endorsements Rating

A. Loss of Business Income & Extra Expense

Step 1: Base Rate

Select base rate from the following table based on annual sales/revenue:

Revenue ($M)					
0 - 50	**51 - 100**	**101 - 500**	**501 - 1000**	**1001 - 5000**	**5001 +**
175	225	300	325	350	375

Base rates contemplate a $1,000,000 limit with a $0 deductible.

Step 2: Increased Limits Factors

Apply the appropriate ILFs for the selected coverage using the ILF table from Step 11 of the basic coverage rating plan.

Multiply the rates factors from Steps 1-3 in order to determine the Loss of Business Income & Extra Expense premium.

B.

Product Recall and Replacement Value

Step 1: Base Rate

Select base rate from the following table based on annual sales/revenue:

Revenue ($M)					
0 - 50	**51 - 100**	**101 - 500**	**501 - 1000**	**1001 - 5000**	**5001 +**
180	200	225	240	250	265

Base rates contemplate a $1,000,000 limit with a $0 deductible.

Step 2: Industry Modification

Consumer Goods Retailer	1.05 – 1.10
Consumer Goods Mfg	1.10 – 1.20

Considerations

- Consumable vs. Topical
- Has industry/company been targeted in the past
- Crisis management plans in place

Step 3: Increased Limits Factors

Apply the appropriate ILFs for the selected coverage using the ILF table from Step 11 of the basic coverage rating plan.

Multiply the rates factors from Steps 1-3 in order to determine the Loss of Business Income & Extra Expense premium.

C.

Death and Dismemberment

Step 1: Base Rate

Calculate the base rate from the following tiered rate table based on the number of employees:

# of Employees	Rate
1 - 100	750
101 - 500	1,000
501 - 1,000	1,150
1001 - 5,000	1,300
5,001 - 10,000	1,450
10,000+	1,500

Base rates contemplate a $100,000 each incident/100,000 annual aggregate limit with a $0 deductible.

Step 2: Travel Modification

Select factor for travel to high risk countries based on number of employees.

# Employees	Factor
None	1.00
1 - 50	1.00 - 1.10
50 - 100	1.10 - 1.20
101 - 250	1.20 - 1.25
251 - 500	1.25 - 1.35
>500	REFER

Step 3: Permanent Modification

Select factor for high risk countries based on number of employees.

# Employees	Factor
None	1.00
1 - 50	1.00 - 1.10
50 - 100	1.10 - 1.20
101 - 250	1.20 - 1.25
251 - 500	1.25 - 1.35
>500	REFER

Step 4: Increased Limits Factors

Apply the appropriate ILFs for the selected coverage using the ILF table from Step 11 of the basic coverage rating plan. Please not that for this coverage, the base rate contemplates a limit of $100,000 each incident/100,000 annual aggregate.

For example, the ILF factor for a $500,000/500,000 limit would be 0.773 / 0.506 = 1.528

Multiply the rates factors from Steps 1-4 in order to determine Death and Dismemberment premium.

D.

Evacuation

Step 1: Base Rate

Select base rate from the following table based on number of employees:

# of Employees	Rate
0 - 100	250
101 - 500	350
501-1,000	400
1,001 – 5,000	425
5,001-10,000	450
10,000+	500

Base rates contemplate a $1,000,000 per incident /$1,000,000 annual aggregate limit with a $0 deductible.

Step 2: Evacuation Modification

Select the appropriate factor from the table below:

# Permanent Employees based in high risk countries	Factor
0-5	1.00-1.05
6-25	1.05-1.10
26-50	1.10-1.15
51-100	1.15-1.25
101+	1.25-1.50

Step 3: Increased Limits Factors

Apply the appropriate ILFs for the selected coverage using the ILF table from Step 11 of the basic coverage rating plan.

Multiply the rates factors from Steps 1-3 in order to determine Evacuation premium.

E.

Child Abduction

Step 1: Base Rate

Select base rate from the following table based on type of facility:

Type of Facility	Rate
Church	750
Corporate	750
Camp	800
School/Day care center	850
Hospital	900

Base rates contemplate a $1,000,000 per incident /$1,000,000 annual aggregate limit with a $0 deductible.

Step 2: Size Modification

Select the size factor from the following table based on number of enrolled children under the age of 14 for non-hospital facilities:

# of Enrolled Children	Factor
N/A	1.000
0-100	1.100
101-500	1.150
501-1000	1.200
1001-2500	1.250
2501-5000	1.300

Or number of beds (maternity/pediatric) for hospital facilities:

# of Beds	Factor
N/A	1.000
0-100	1.200
101-500	1.300
501-1000	1.400
1001-2500	1.500

Step 3: Security Modification

Select factor from the following table based on level/quality of security:

Security	Non-hospital	Hospital
None	1.000	1.100
Good	0.950	0.950
Excellent	0.900	0.900

Step 4: Prior Incidents Modification

Prior Incidents	Factor
None within Past 3 years	1.000
1+ within past 3 years	1.100 – 1.300

Step 5: Increased Limits Factors

Apply the appropriate ILFs for the selected coverage using the ILF table from Step 11 of the basic coverage rating plan.

Multiply the rates factors from Steps 1-5 in order to determine the Child Abduction premium.

III. Expense Adjustment Modifier

In order to reflect the differences in commission rates, the expense adjustment factor shall be applied multiplicatively to the total premium and is calculated as follows:

Minimum of 1.000 and (1-Commission Rate) / (1-0.200)

ACE American Insurance Company
Corporate Kidnap and Extortion
Rating Rules

1. **Minimum Premium**
   The minimum premium to be charged for any account is $1,000.

2. **Three Year Term Prepaid Premium**
   Three year term policies paid in full by policy inception will be charged 2.5 times the annual policy premium.

3. **Excess rating**
   Rates for excess policies will be priced using the increased limit factors from Step 11 of the rating plan.
   For example, to price a $25M xs $25M on an account with a base premium of $10,000 (for a $1M limit), the premium would be calculated as follows:
   Excess Premium = Base Premium x {ILF($25M+$25M)-ILF($25M)}
   = $10,000 {7.670 – 5.193} = $24,767

4. **Unavailable rating factor information**
   To the extent that the underwriter is not able to obtain sufficient information to allow them to properly assess and evaluate the underwriting risk imposed by any applicable rating factor, the underwriter shall apply a neutral factor for such factor. The corresponding UW file information shall document that sufficient rating information could not be obtained from the insured or other available sources.

Supporting Document Schedules

Review Status:

Satisfied -Name: Filing Memo — Accepted for Informational Purposes — 03/18/2008

Comments:

Attachment:

AR Rate-Rule Filing Memo 08-KR-2007580.pdf

Review Status:

Satisfied -Name: Rate Abstract — Accepted for Informational Purposes — 03/18/2008

Comments:

Attachment:

Forms AR.pdf

Review Status:

Satisfied -Name: Profit Provision -AR — Accepted for Informational Purposes — 03/18/2008

Comments:

Attachment:

Profit Provision - Arkansas 2007.pdf

ACE GROUP OF INSURANCE COMPANIES

ACE American Insurance Company

Corporate Kidnap and Extortion Insurance Policy

Rate/Rule Filing Memorandum – Arkansas

The purpose of this filing is to introduce a new Corporate Kidnap and Extortion rate plan for ACE American Insurance Company. This new rate plan is replacing the existing rate plan, originally filed in 1996 by CIGNA Insurance Company. There are currently 2 in-force policies, with total written premium of $8,724. The estimated rate effect of this rate filing is 0%.

ACE is entering this arena at a time when its presence in international risks is increasing and in a global climate in which kidnap and extortion coverage is essential for any U.S. company, regardless of size, conducting business at home or overseas. A revised rate plan has been developed to reflect a more accurate approach to evaluating risks. Additional industry groups have been added to reflect a broader range of company type, and additional security factors have been added to allow a more refined assessment of protection measures

The attached rate plan provides for Corporate Kidnap and Extortion premium and six optional endorsements: (1) Business Income and Extra Expense, (2) Products Recall and Replacement Value, (3) Evacuation, (4) Threat Assessment, (5) Child Abduction and (6) Death or Dismemberment Incident of Terrorism.

The Corporate Kidnap and Extortion base premium is developed using elements common to all likely applicants: a) revenue and b) number of employees. This base premium is then adjusted based on the industry type. These elements play a fundamental role in a company's exposure recognizing that certain types of business are at a greater risk, as are those with greater revenues, as well as those with larger employee populations.

After the base premium is modified for industry type, it is modified for additional characteristics that are unique to the applicant: a) security b) business travel and c) loss experience. The security modification takes into account elements of physical security (e.g. body guards, armored vehicles), executive safety training (e.g. travel advisories, defensive driving, incident simulations) and crisis management planning (e.g. prevention measures, response plan). The business travel modification is based on the amount of business travel and the risk level of the countries visited. The level of risk for a particular country is developed using various statistical information obtained through the U.S. Department of State/Bureau of Consular Affairs, Neil Young Associates, AKE Global Intake Intelligence Briefing, OSAC Daily News, SCR Security Briefing, Control Risk CR24 24-hour Security and Incident Management Support Service and other governmental and non-governmental information sources. The loss experience modification takes into account the number and type of previous incidents and when they occurred. After the base premium is modified for industry type, security, business travel and loss experience, it is modified based on the limit of insurance requested.

The Business Income and Extra Expense premium is based on revenue, industry type and limit of insurance requested.

The Products Recall and Replacement Value premium is based on revenue, industry type, crisis management planning and limit of insurance requested.

The Evacuation premium is based on revenue, number of employees and the risk rating of the countries in which they are based.

The Threat Assessment premium is based on the limit requested.

The Child Abduction premium is based on the type of institution, number of children enrolled, security precautions taken and prior incidents.

The Death and Dismemberment Incident of Terrorism premium is based on the number of employees and the risk rating of the countries in which they are based or to which they travel.

It is important to note that there are no real credible statistics for the coverage being offered. The development of the rate plan relies heavily on the underwriters' knowledge and experience rather than the statistical analysis of past losses.

ARKANSAS INSURANCE DEPARTMENT
RATE FILING ABSTRACT

Form RF-1
Rev. 4/96

Insurer Name: ACE American Insurance Company
NAIC Number: 22667
Name of Advisory Organization Whose Filing You Are Referencing N/A
Co. Affiliation to Advisory Organization: Member ______ Subscriber ______ Service Purchaser ______
Reference Filing #: 08-KE-2007580®
Proposed Effective Date: 1/1/2008

Contact Person: Renice Cox
Signature: Renice Cox
Telephone No: 215-640-4876

(1) LINE OF INSURANCE By Coverage	(2) Indicated % Rate Level Change	(3) Requested % Rate Level Change	For Loss Costs Only (4) Expected Loss Ratio	(5) Loss Cost Modification Factor	(6) Selected Loss Cost Multiplier	(7) Expense Constant (If Applicable)	(8) Co. Current Loss Cost Multiplier
Other Liability Corporate Kidnap and Extortion		0%					
TOTAL OVERALL EFFECT	0.00%	0.00%	0.00%	0.000	0	0	0.000

______ Apply Lost Cost Factors to Future Filings? (Y or N)
0.00% Estimated Maximum Rate Increase for any Arkansas Insured (%)
0.00% Estimated Maximum Rate Decrease for any Arkansas Insured (%)

Corresponds to Question 3 on RF-2 or RF-WC

5 Year History

Year	Policy Count	Rate Change History %	Eff. Date	AR Earned Premium *	AR Incurred Loss + ALAE *	AR Loss Ratio incl ALAE	Countrywide LR incl ALAE
2002		No changes since		7,250,563	1,535,262	21.2%	126.4%
2003		introduction of program		9,285,537	5,827,825	62.8%	97.3%
2004		in 1996		10,260,359	15,233,018	148.5%	101.2%
2005				15,101,868	18,800,703	124.5%	82.8%
2006				11,815,840	8,686,734	73.5%	69.2%

	Selected Provisions
A. Total Production Expense	25.0%
B. General Expense	5.0%
C. Taxes Licenses & Fees	2.5%
D. Underwriting Profit & Contingencies	-6.5%
E. Other	0.0%
F. Total	26.0%

**** Not specific to program. Annual Statement Data***

Other Liability - Corporate Kidnap and Extortion
Development of Expense Provisions and Permissible Loss Ratio
ACE Consolidated

		Direct IEE Data in (000) - ACE Consolidated			
		2004	2005	2006	Total
(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

					Average	Selected
(3)/(1)	Commission & Brokerage Fees	9.3%	8.3%	8.4%	8.6%	20.0%
(4)/(2)	Other Acquisition Expense	2.4%	2.1%	2.1%	2.2%	5.0%
	Total Production Expense					25.0%
(5)/(2)	General Expense	4.4%	4.4%	3.6%	4.1%	5.0%
(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	32.50%
Pre Tax Profit Provision - Target	5.0%
Investment Income Recognition	-11.5%
Pre Tax Profit Provision - Net of Inv Inc	-6.5%
Permissible Loss and LAE Ratio	74.0%

ACE
Other Liability - Corporate Kidnap and Extortion
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		20.0%	
	b.) **50%** of Other Acquisition Expense		2.5%	
	c.) **50%** of General Expense		2.5%	
	d.) Taxes, Licenses, and Fees		2.5%	
	e.) Profit and Contingencies		5.0%	
	f.) Total Prepaid Expense		32.5%	
A4.	Deduction for Federal Income Tax Payable	(Exhibit 2 Sheet 2)	7.0%	
A5.	Net Subject to Investment	[A2 x (1.0 - A3f - A4)]		700,387,453
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]		1,496,165,625
C3.	Expected Mean Loss Reserve	[C2 x After Tax Reserve Ratio on Exhibit 2 Sheet 3]		5,348,663,586
D.	Reserve Funds Subject to Investment	[A5 - B3 + C3]		5,474,635,070
E.	Average Rate of Return on Investments - After FIT	(Sheet 5)	3.3%	
F.	Investment Earnings on Reserve Funds - After FIT	[D x E]		178,717,951
G.	Investment Earnings on Reserve Funds as a % of Premium - After FIT	[F / A1]	7.47%	
H.	**Investment Earnings on Reserve Funds as a % of Premium - Before FIT**	**[G / .65]**	11.49%	
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]	-2.2%	
T.	**Target UW Profit as % Premium - Net of all II - Before FIT**	**[S / .65]**	-3.3%	

ACE
Other Liability - Corporate Kidnap and Extortion
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

			IEE Amount For the Above Line
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 x [(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:

			ACE Consolidated Ann Statement Amt
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 x (1)]		0.240

ACE
Other Liability - Corporate Kidnap and Extortion

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)	5.00%
2	Commission and Brokerage Expenses		20.00%
3	Other Acquisition Expenses		5.00%
4	Taxes, Licenses, & Fees		2.50%
5	Profit & Contingencies		5.00%
6	Total Expense Ratio:		37.50%
7	Expected Loss and LAE Ratio: 1.00 - (6)		62.50%
8	Direct Earned Premium	Cal Yr 2006	2,393,865,000
9	Expected Loss and LAE Incurred (7) x (8)	Cal Yr 2006	1,496,165,625

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:

			IEE Amount for the Above Line
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

Exhibit 2
Sheet 4

ACE Consolidated - Annual Statement - Schedule P
Other Liability - Corporate Kidnap and Extortion
Calculation of Reserve Discount
Data in (000's)

Year	(1) Net Loss & Expense Unpaid	(2) Reserve Discount Factor	
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	314,643	0.91534	
	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

Assets Available for Investment	(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	0	0	0	0	35.0%		0	0.0%
Real Estate	83,074,693	0	0	0.0%	35.0%		0	0.0%
Contract Loans	0	0	0	0	35.0%		0	0.0%
A/O Inv. Assets	464,899,224	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	Investment Expenses & Real Estate Depreciation:		28,964,908
	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 x .15 x .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 x 0.35) + (0.70 x 0.15 x 0.35) + (0.70 x .85 x 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 All Lines
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 Year End
	ACE Consolidated	4,420,558,091
	ACE Ins. Co. Puerto Rico	15,038,362
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.

Year	Return on Equity
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