

SERFF Tracking Number: VANL-125627295 State: Arkansas
Filing Company: Vanliner Insurance Company State Tracking Number: EFT \$150
Company Tracking Number: PROP 0708
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1000 CMP Sub-TOI Combinations
Portion Only
Product Name: Commercial Property New Program Filing
Project Name/Number: Commercial Property New Program Filing/PROP 0708

Filing at a Glance

Company: Vanliner Insurance Company
Product Name: Commercial Property New Program Filing SERFF Tr Num: VANL-125627295 State: Arkansas
TOI: 05.1 Commercial Multi-Peril - Non-Liability SERFF Status: Closed State Tr Num: EFT \$150
Portion Only
Sub-TOI: 05.1000 CMP Sub-TOI Combinations Co Tr Num: PROP 0708 State Status: Fees verified and received
Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
Author: Tina Kampwerth Disposition Date: 05/16/2008
Date Submitted: 05/12/2008 Disposition Status: Approved
Effective Date Requested (New): 07/01/2008 Effective Date (New): 07/01/2008
Effective Date Requested (Renewal): 07/01/2008 Effective Date (Renewal): 07/01/2008

State Filing Description:

General Information

Project Name: Commercial Property New Program Filing Status of Filing in Domicile: Pending
Project Number: PROP 0708 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 05/16/2008
State Status Changed: 05/16/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
The Vanliner Insurance Company (Vanliner) hereby files rates, rules and forms to support its entry into writing Commercial Property and Commercial Package Policies for moving and storage companies. This filing is for Commercial Property. Vanliner is an ISO subscriber for Commercial Property and is adopting the entire ISO Commercial Property program (rules, loss costs and forms) with only minimal changes and additions.

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Proposed Effective Date

The following effective date rule is proposed:

“These rates, rules and forms will be used for policies effective on or after July 1, 2008.”

If approval is not received by the proposed effective date, these changes will become effective upon approval.

Vanliner Insurance Company

The Vanliner Insurance Company (NAIC # 21172) is a commercial lines insurer specializing in the moving and storage industry, Vanliner’s state of domicile is Missouri. Vanliner has received an A- rating with a Stable outlook from A.M. Best.

Company and Contact

Filing Contact Information

Tina Kampwerth, Senior Compliance Coordinator
One Premier Drive
St. Louis, MO 63026
Tina_Kampwerth@Vanliner.com
(800) 325-3619 [Phone]
(636) 305-4270[FAX]

Filing Company Information

Vanliner Insurance Company
One Premier Drive
St Louis, MO 63026
(636) 343-9889 ext. [Phone]
CoCode: 21172
Group Code: -99
Group Name:
FEIN Number: 86-0114294
State of Domicile: Arizona
Company Type:
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00

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Retaliatory? No
Fee Explanation: AR - Filing Fee - \$50/filing
Per Company: No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Vanliner Insurance Company	\$50.00	05/12/2008	20266990
Vanliner Insurance Company	\$100.00	05/16/2008	20361543

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	05/16/2008	05/16/2008

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Additional Fee	Note To Reviewer	Tina Kampwerth	05/16/2008	05/16/2008
Balance due on filing Fees	Note To Filer	Llyweyia Rawlins	05/15/2008	05/15/2008

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Disposition

Disposition Date: 05/16/2008

Effective Date (New): 07/01/2008

Effective Date (Renewal): 07/01/2008

Status: Approved

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 rates/rules filing and review requirements.

Rate data does NOT apply to filing.

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Note To Reviewer

Created By:

Tina Kampwerth on 05/16/2008 03:49 AM

Subject:

Additional Fee

Comments:

Hi Llyweyia,

Additional fee of \$100 was just submitted via EFT.

Thanks!

Tina

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Note To Filer

Created By:

Llyweyia Rawlins on 05/15/2008 11:13 AM

Subject:

Balance due on filing Fees

Comments:

Hello Tina

Since you have combination rates/rules and forms filing together, there is a balance due on fees.
Form filings are \$50 and rates are \$100. Balance due is \$100. When can we expect to receive the balance?

Thanks

Llyweyia Rawlins

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Choice Business Coverage Extensions	VLP001	07 08	Endorsement/Amendment/Conditions	New		VLP001.pdf
Approved	Fungus, Wet Rot, Dry Rot and Bacteria Exclusion	VLP002	07 08	Endorsement/Amendment/Conditions	New		VLP002.pdf
Approved	Privacy Policy	14344	06 01	Other	New		14344.pdf
Approved	Supplemental Application	VL9326	07 08	Other	New		VL9326.pdf
Approved	Manuscript Endorsement	VL0000	08 89	Endorsement/Amendment/Conditions	New		VL0000.pdf

VANLINER INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHOICE BUSINESS COVERAGE EXTENSIONS

This endorsement modifies and is subject to the insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CAUSES OF LOSS – BASIC FORM
 CAUSES OF LOSS – BROAD FORM
 CAUSES OF LOSS – SPECIAL FORM

The schedule below is a summary of the limits of insurance, and extensions provided by this endorsement. Various provisions in this endorsement may restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. These coverages apply separately to each of your premises described on the declarations. As respects to any coverage provided by this endorsement, if a limit is shown elsewhere in the policy for any of these coverages, then that limit applies in addition to the limits shown below. If no limit is shown for a coverage, then that coverage does not apply and all references to it are deleted from this endorsement.

Losses or damages in any one occurrence will not be paid until the amount of loss or damage exceeds the deductible. The deductible provisions do not preclude the imposition of any applicable coverage waiting period, as stated in specific coverage section of this form. Unless a separate deductible amount is in the schedule below, we will not pay for loss or damage in any one occurrence under any coverage on this endorsement until the amount of loss exceeds the lesser of the building or business personal property deductible applicable to the highest valued building in the schedule at the covered location at the time of loss. Deductibles do not reduce the amount of insurance.

I. AMENDMENTS TO COVERAGES UNDER THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM:

SCHEDULE OF ADDITIONAL COVERAGES	LIMIT OF INSURANCE	DEDUCTIBLES
Business Personal Property/Plate Glass	*	BPP Deductible
Signs [Attached or Unattached-Indoor & Outdoor]	\$25,000	BPP Deductible
Business Income and Extra Expense	\$50,000	72 Hours
Electronic Data Processing Equipment Including Extra Expense, Software and Transit	\$50,000	BPP Deductible
Accounts Receivable	\$50,000	No Deductible
Loss Data Preparation	\$10,000	No Deductible
Ordinance or Law	15% of Building Limit up to \$100,000	No Deductible
Money & Securities	\$5,000 on/\$5,000 off premises	\$500
Money Orders and Counterfeit Paper Currency	\$1,000	No Deductible
Forgery and Alteration	\$15,000	\$500
Employee Dishonesty	\$15,000	\$500
Fine Arts	\$25,000	BPP Deductible
Refrigerated Goods Spoilage	\$10,000	\$500
Fire Department Service Charge	Actual loss sustained	No Deductible
Fire Protection Device Recharge	Actual loss sustained	No Deductible
Pollutant Clean Up	\$25,000	No Deductible
Debris Removal	\$30,000	BPP Deductible

SCHEDULE OF COVERAGE EXTENSIONS	LIMIT OF INSURANCE	DEDUCTIBLES
Newly Acquired Locations		
Business Personal Property	\$250,000	See Declaration Page
Buildings	\$1,000,000	See Declaration Page
Outdoor Property	\$15,000 per occurrence/\$500 per item	\$500
Valuable Papers	\$25,000	See Declaration Page
Property Off Premises	\$25,000	See Declaration Page
Personal Effects and Property of Others	\$25,000 per occurrence/\$1,000 per person	See Declaration Page
Criminal Reward	\$10,000	No Deductible
Emergency Vacating Expenses	\$5,000	\$500
Inflation Guard	4%	

II. AMENDED CAUSES OF LOSS SCHEDULE:

Utility Services	**	
Utility Services- Direct Damage	\$10,000	
Utility Services- Business Income Coverage	\$10,000	
Property In Transit	\$10,000	
Water Backup of Sewer and Drains	\$25,000	
Lock Replacement	\$2,500	

If two or more of this Endorsement's Coverages, Additional Coverages, or Extensions apply to the same loss, the most that we will pay for that loss is the actual amount of loss or damage, but no more than the highest Limit of the Coverages, Additional Coverages, or Extensions that applies.

THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM IS AMENDED AS FOLLOWS:

*Your Business Personal Property – Contractual Responsibility

A Sublimit of Insurance does not apply to this Coverage. Coverage is included within the applicable building or business personal property limit.

The following is added to the description of Your Business Personal Property:

Building plate glass that you have a contractual responsibility to insure as building tenant.

Signs

1. "Signs (other than signs attached to buildings)" is deleted from Property Not Covered.
2. In the Limits of Insurance section, the provision pertaining to signs attached to buildings does not apply. The limit applicable to each sign is the limit shown in the schedule on this form in any occurrence.
3. Signs are subject to all applicable provisions of the Causes of Loss Form attached to this policy.

Business Income and Extra Expense

When a limit is shown on the schedule, coverage is provided as described and limited below for Business Income including "Rental Value".

1. Coverage

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises that are described in the Declarations of the policy to which this endorsement is attached. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraphs, if you occupy only part of the site at which the described premises are located, your premises means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

3. Extra Expense

Extra Expense means the necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- a. Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

4. Covered Causes of Loss, Exclusions and Limitations

See applicable Causes of Loss Form as shown in the Declarations.

5. Additional Limitation – Interruption of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, except as provided under the Additional Coverage - Interruption of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage - Interruption of Computer Operations or as specifically provided elsewhere in this form.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve, or send data.

6. Additional Coverages

a. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage of Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action;
or
- (2) when your Business Income coverage ends; whichever is later.

b. Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New Buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income or "Rental Value" loss payable under this policy, we will pay for the actual loss of Business Income or "Rental Value" you incur during the period that:

- (1) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and either "operations" are resumed or tenantability is restored; and
- (2) Ends on the earlier of:
 - (a) The date you could restore your "operations" or restore tenant occupancy, with reasonable speed, to the level which would generate the business income amount or "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (b) 30 consecutive days after the date determined in c.(1) above.

However, Extended Business Income does not apply to loss of Business Income or loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income or loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.
- (3) The Covered Cause of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) The Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

7. Coverage Extension – Newly Acquired Location

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - This policy expires;
 - (a) 30 days expire after you acquire or begin to construct the property; or
 - (b) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance.

8. Exclusions and Limitations

See applicable Causes of Loss Form as shown in the Declarations. The Special Exclusions applicable to Business Income and Extra Expense also apply.

9. Limits of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Schedule.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- a. Alterations and new Buildings;
- b. Civil Authority;
- c. Extra Expense; or
- d. Extended Business Income.

10. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

a. Appraisal

All provisions included in the Appraisal Condition in CP 00 10 shall also apply to the amount of Net Income and operating expense or the amount of loss.

b. Duties in the Event of Loss or Damage

All provisions included in the Duties in the Event of Loss or Damage Condition in CP 00 10 shall also apply to Business Income. The following is added to that condition:

- (1) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

c. Loss Determination

- (1) The amount of Business Income loss will be determined based on:
 - (a) The Net Income of the business before the direct physical loss or damage occurred;
 - (b) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (c) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (d) Other relevant sources of information, including:
 - (i) Your financial records and accounting procedures;
 - (ii) Bills, invoices and other vouchers; and
 - (iii) Deeds, liens or contracts
- (2) The amount of Extra Expense will be determined based on:
 - (a) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (i) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (ii) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (b) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- (3) Resumption of Operations
We will reduce the amount of your:
 - (a) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (b) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- (4) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (5) Loss Payment
We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.No deductible applies to this Additional Coverage.

Electronic Data Processing Equipment Including Extra Expense, Software and Transit

The Additional Coverage for Electronic Data is deleted and replaced by the following:

We have extended the insurance that applies to your business personal property to apply to:

- (1) Equipment – meaning your electronic data processing, word processing and telecommunications equipment including their component parts;
- (2) Software – meaning – Data, Programs and Media:
 - (a) Data is information that has been converted to a form usable in data or word processing equipment. Data includes computer programs.
 - (b) Media is the material on which data is recorded.
- (3) Extra Expense – means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:
 - (a) To avoid or minimize the suspension of business and to continue your normal business operations:
 - (i) at the described premises; or
 - (ii) at replacement premises or at temporary locations, including: relocation expense and costs to equip and operate the replacement or temporary locations;

- (b) to minimize suspension of business if you cannot continue your normal business operations; or
- (c) to repair or replace the lost information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this Extra Expense Coverage.

We will pay up to the limit stated in the Schedule of this form of the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to:

- (1) electronic data processing equipment, word processing equipment, telecommunications equipment, or data and media, which you own, lease or is under your control and is at your described premises or in transit;
- (2) the building in which the property described in (1) above is located, provided the building is damaged to the extent which prevents access to the property;
- (3) the air conditioning system that specifically services your data or word processing operation;
- (4) the electrical or telecommunication system that specifically services your data or word processing operation, provided the damage to the system occurs inside or within 1000 feet of the building housing your data or word processing operation.

Covered property does not include:

- (1) property you loan, rent or lease while it is away from your described premises;
- (2) data or media which cannot be replaced with other of the same kind or quality;
- (3) accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to Data, and then only in that form.

Exclusions – the Causes of Loss Special Form is amended as follows:

- (1) The following exclusions are deleted as respects Electronic Data Processing Equipment Including Extra Expense, Software and Transit: 2.a., 2.c., 2.d.(2), 2.d.(3), 2.d.(4), 2.d.(5), 2.d.(6), 2.d.(7) (a), 2.e, 2.i
- (2) The following exclusions are added:
 - 2.n. Any change in, or interruption of;
 - (a) power supply; or
 - (b) telecommunication service;If the change originates more than 1000 feet from the premises containing the covered property (equipment). But if a loss or damage by fire, explosion or theft results, we will pay for that resulting loss.

In addition to the above, we will not pay for any Extra Expense you incur due to:

- (a) programming errors or incorrect machine instructions;
- (b) interference by strikers or other persons with repairs to damaged property, or with the resumption of normal business operations;
- (c) mechanical or machinery breakdown of any property not named in the Extra Expense coverage;
- (d) the suspension, lapse or cancellation of any lease, license or contract beyond the "period of restoration";
- (e) any other consequential loss.

Valuation will be determined as follows:

- (1) Equipment – we will adjust a loss to Equipment on the basis of replacement cost. The most we will pay is:
 - (a) the amount necessary to repair the equipment; or
 - (b) the amount necessary to replace the equipment with material of the same kind or quality; or
 - (c) the applicable limit of insurance;whichever is less.
- (2) Software
 - (a) Data (including Programs), when insured on a combined limit basis with Media on the schedule, will be the actual cost of replacing the Data. If it is not replaced or reproduced, we will pay the cost of the blank Media.

- (b) Media – we will value Media at the cost to replace the Media with material of the same kind or quality.

If we notify you in writing after we receive your signed, sworn statement of loss, we may take all or part of the damaged property at a value that we will agree upon with you. If we choose, we may also repair the damaged property, or replace it with similar property.

The most we will pay under this Additional Coverage is the limit shown in the Schedule of this form for Electronic Data Processing Equipment including Extra Expense, Software and Transit.

Accounts Receivable

We have extended the insurance that applies to your business personal property to apply to your records of accounts receivable:

- (1) at a described premises or in or on a vehicle in transit between described premises; or
- (2) if the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss

We will pay for the loss while they are:

- (a) at a safe place away from your described premises; or
- (b) being taken to and returned from that place.

The amount of your accounts receivable loss includes:

- (1) all amounts due from your customers that you are unable to collect;
- (2) interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (3) collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage;
- (4) other reasonable expenses that you incur to re-establish your records of accounts receivable;

That result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable, including credit or charge card slips.

Account receivable loss payment will be determined as follows:

- (1) If you cannot accurately establish the amount of accounts receivable outstanding at the time of loss or damage, the following method will be used:
 - (a) determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (b) adjust that total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) the amount of the accounts for which there is no loss or damage; and
 - (b) the amount of the accounts that you were able to re-establish or collect; and
 - (c) an amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) all unearned interest and service charges.
- (3) You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

We will not pay for loss or damage caused by or resulting from any of the following:

- (1) alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;
- (2) loss that requires any audit of records or any inventory computation to prove its factual existence;
- (3) loss resulting from bookkeeping, accounting or billing errors or omissions.

The most we will pay under this coverage is the limit shown in the Schedule of this form.

Loss Data Preparation Costs

We will pay up to the limit shown in the Schedule of this form for reasonable costs you incur in preparing loss data required by policy conditions of this policy after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your loss. This coverage does not include payments for any services rendered by a public adjuster.

Ordinance or Law Coverage

The following replaces Increased Cost of Construction in the Building and Personal Property Coverage Form and in the Condominium Association Coverage Form and deletes the Ordinance or Law exclusion in the Causes of Loss – Special Form:

- (1) If a Covered Cause of Loss occurs to covered building property, we will pay:
- (a) for loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:
 - (i) requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (ii) regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises; and
 - (iii) is in force at the time of loss;
 - (b) the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law;
 - (c) the increased cost to:
 - (i) repair or reconstruct damaged portions of that building; and/or
 - (ii) reconstruct or remodel undamaged portions of that building whether or not demolition is required;when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- (i) this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Coverage under this endorsement applies only in response to minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

If the building sustains both direct and physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law, we will not pay a portion of such loss otherwise payable under this coverage. Instead, we will pay a portion of such loss, meaning the portion that the covered direct physical damage bears to the total physical damage. However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of this coverage.

- (2) (a) We will not pay the following under coverage in (1) (a), (b) or (c) above:
- (i) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" (as defined in form CP 00 10) or due to the presence growth, proliferation, spread or any activity or "fungus" (as defined in form CP 00 10), wet or dry rot or bacteria; or

- (ii) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" (as defined in form CP 00 10) "fungus" (as defined in form CP 00 10), wet or dry rot or bacteria.
- (b) We will not pay the increased coverage afforded by (1)(c) above:
 - (i) until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (c) We will not pay for loss due to any ordinance or law that:
 - (i) you were required to comply with before the loss, even if the building was undamaged; and
 - (ii) you failed to comply with.
- (3) When there is a loss in value of an undamaged portion of a building, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (a) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced on the same or another premises, we will not pay more than the amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured;
 - (b) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the actual cash value of the building at the time of loss.

Both of the above are also subject to the maximum limit applicable to all loss or damage combined in any one occurrence shown in paragraph (4) that follows.

- (4) The most we will pay for the total of all covered losses is 15% of the building limit applicable to the damaged building up to a maximum of the limit shown in the Schedule of this form.
The following loss payment provisions also apply:
 - (a) For demolition cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
 - (b) With respect to the increased cost of construction:
 - (i) We will not pay for the increased cost of construction until the property is actually repaired or replaced at the same or another premises and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
 - (iii) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.
- (5) The terms of this coverage apply separately to each building to which this coverage applies.

"Money" and "Securities"

We will pay for loss of "money" and "securities" used in your business while at the bank or savings institution, at the covered location or in transit between any of these places, resulting directly from:

- (1) "theft", meaning any act of stealing;
- (2) disappearance; or
- (3) destruction.

We will not pay for loss:

- (1) resulting from accounting or arithmetical errors or omissions;
- (2) due to the giving or surrendering of property in any exchange or purchase; or
- (3) of property contained in any "money" operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

All loss covered by one or more persons or involving a single act or series of related acts is considered one loss. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

Valuation Settlement: We will pay for:

Loss of "money" for not more than its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (1) the face value in the "money" issued by that country;
or
- (2) in the United States of America's dollar equivalent on the day the loss was discovered.

Loss of "securities" for not more than their value at the close of business on the day the loss was discovered. We may, at our option:

- (1) pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";
- (2) pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for the bond having a penalty not exceeding the value of the "securities" at the close of business on the day the loss was discovered.

The most we will pay for loss in any one occurrence is:

- (1) The limit shown in the Schedule of this form for: On Premises "Money" and "Securities" while:
 - (a) in or on the covered location; or
 - (b) within a bank or savings institution; and
 - (2) The limit shown in the Schedule of this form for: Off Premises "Money" and "Securities" while any where else.
- A \$500 deductible applies to this Additional Coverage.

Money Orders and Counterfeit Paper Currency

We will pay for loss caused by your accepting in good faith:

- (1) Any post office or express money orders which are not paid upon presentation; or
- (2) Counterfeit paper currency;

In exchange for merchandise, services or money. No deductible applies to this Additional Coverage.

The most we will pay for loss in any one incident is the limit shown in the Schedule of this form.

Forgery or Alteration

- (1) We will pay for loss involving covered instruments resulting directly from the covered causes of loss as stated in this Additional Coverage:
 - (a) Covered Instruments: Checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum certain in "money" that are:
 - (i) made or drawn by or drawn upon you;
 - (ii) made or drawn by one acting as your agent;
Or that are purported to have been so made or drawn.
 - (b) Covered Causes of Loss: Forgery or alteration of, on or in any covered instrument.
 - (c) Extension: Legal Expenses: If you are sued or refusing to pay a covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the limit of insurance applicable to the Forgery Additional Coverage.
- (2) The most we will pay for loss in any one occurrence is the limit shown in the Schedule of this form.
- (3) We will not pay for loss resulting from any dishonest or criminal act committed by any of your employees, directors or trustees:

- (a) whether acting alone or in collusion with other persons; or
- (b) while performing services for you or otherwise.

- (4) Additional conditions applicable to this Additional Coverage:
 - (a) We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
 - (b) You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
 - (c) We will cover loss you sustain anywhere in the world. This supersedes any other territorial definitions elsewhere in the policy.
 - (d) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.
- (5) An occurrence as respects this Additional Coverage means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

A \$500 deductible applies to this Additional Coverage.

Employee Dishonesty

- (1) We will pay for direct loss of or damage to business personal property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (a) cause you to sustain loss or damage; and also
 - (b) obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i) any employee; or
 - (ii) any other person or organization.
- (2) We will not pay for loss or damage:
 - (a) resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons;
 - (b) or where the only proof of which as to its existence or amount is:
 - (i) an inventory computation; or
 - (ii) a profit and loss computation.
- (3) The most we will pay for loss or damage in any one occurrence is the limit shown in the Schedule of this form.
- (4) All loss or damage caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- (5) We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.
- (6) This Additional Coverage does not apply to any employee immediately upon discovery by you or any of your partners, officers or directors not in collusion with the employee of any dishonest acts committed by that employee before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.
- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage provided:
 - (a) this Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (b) the loss or damage would have been covered by this Additional Coverage had it been in effect when the acts causing the loss or damage were committed or occurred.
- (9) The insurance under paragraph (8) above is part of, not in addition to, the amount of insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - (a) this Additional Coverage as of its effective date;
 - Or
 - (b) the prior insurance had it remained in effect.

(10) Employee also includes any non-compensated natural person:

- (a) other than one who is fund solicitor, while performing services for you that are usual to the duties of an employee; or
- (b) while acting as fund solicitor during fund raising campaigns.

A \$500 deductible applies to this Additional Coverage.

Fine Arts

We have extended the insurance that applies to your business personal property to apply to "Fine Arts".

Valuation will be determined as follows:

- (1) The value will be the least of:
 - (a) the market value of that property;
 - (b) the amount for which you are liable, if the property belongs to another;
 - (c) the cost of reasonably restoring that property to its condition immediately before a loss;
 - (d) the cost of replacing that property with substantially identical property; or
 - (e) the amount of insurance stated in this coverage extension.

The value of the property will be determined at the time of loss in the event of loss.

You must agree that:

- (1) Covered Property will be packed and unpacked by professional packers.
- (2) In the case of loss to any part of sets or pairs, we may:
 - (a) repair or replace any part to restore the pair or set to its value before the loss; or
 - (b) pay the difference between the value of the pair or set before and after the loss.

Property Not Covered means property while on exhibition at fair grounds or on the premises of any national or international exposition, or contraband or property in the course of illegal transportation or trace.

We will not pay for loss caused by or resulting from any of the following:

- (1) Delay, loss of use, loss of market or any other consequential loss;
- (2) Dishonest acts by you, your employees or authorized representatives; or anyone entrusted with the property (except a carrier for hire). This exclusion applies whether or not such acts occur during the hours of employment.
- (3) Any repair, restoration or retouching of the covered property.
- (4) Wear and tear, any quality on the property that causes it to damage or destroy itself, pollution damage, gradual deterioration, or damage from insects, vermin or rodents. But if loss by a Covered Cause of Loss results, we will pay for the resulting loss.

The most we will pay under the Additional Coverage is the limit shown in the Schedule of this form.

Refrigerated Goods Spoilage

We will pay for direct physical loss or damage to your business personal property and perishable personal property of others while in your care at or within 1000 feet of the described premises, caused by spoilage due to change in temperature or humidity resulting from:

- (1) mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such apparatus is at the described premises; and
- (2) contamination by refrigerant; or
- (3) complete or partial interruption of electrical power, either on or off the described premises due to conditions beyond your control.

Section A. Paragraph 5., Coverage Extensions of the Building and Personal Property Coverage Form does not apply.

Section B. Exclusions and Limitations of the Building and Personal Property Coverage Form is replaced by the following:

(1) Exclusions

- (a)** Only the following exclusions contained in paragraph B1 of the Special Causes of Loss form apply to this coverage.
- (i)** EARTH MOVEMENT;
 - (ii)** GOVERNMENTAL ACTION;
 - (iii)** NUCLEAR HAZARD
 - (iv)** WAR AND MILITARY ACTION; and
 - (v)** WATER.
- (b)** The following exclusions are added;
- We will not pay for loss or damage caused by or resulting from:
- (i)** the disconnection of any refrigerating, cooling or humidity control system from the source of power;
 - (ii)** the deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;
 - (iii)** the inability of an Electrical Utility Company or other power source to provide sufficient power due to lack of fuel or governmental order;
 - (iv)** the inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand;
 - (v)** breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

A \$500 deductible applies to this Additional Coverage. The most we will pay for loss or damage in any one occurrence under this Additional Coverage is the limit shown in the Schedule of this form.

Additional Coverages are amended as follows:

Fire Department Service Charge is deleted in its entirety and is replaced by the following.

Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the actual loss for your liability for fire department service charges:

- (1)** assumed by contract or agreement prior to loss;
- or

- (2)** required by local ordinance

No deductible applies to this Additional Coverage.

Fire Protection Device Recharge

We will pay the actual loss to recharge or refill your fire protective devices that are permanently installed in buildings at described premises. This coverage only applies when such devices have been discharged while being used to combat a covered fire at the premises described in the declarations, which results in a covered loss.

Pollutant Clean-Up and Removal

Pollutant Clean Up and Removal, is deleted and replaced by the following:

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of pollutants. But we will pay for testing which is performed in the course of extracting the pollutants from the land or water.

The most we will pay under this Additional Coverage for each described premises is the limit shown in the Schedule of this form for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of the policy.

Debris Removal

Paragraph a.(4) of Additional Coverages, Debris Removal, is deleted and replaced by the following:

- (4) We will pay up to the additional amount shown in the Schedule of this form for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the limit for Debris Removal shown on the Schedule.

The following Coverage Extensions are amended as follows:

Newly Acquired or Constructed Property is deleted in its entirety and is replaced by the following:

Newly Acquired or Constructed Property

(1) Buildings

If this policy covers Buildings, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each building.

- (b) The Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires.
- (b) 60 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.
We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

Personal Effects and Property of Others is deleted in its entirety and replaced by the following:
Outdoor Property and the lawn exclusion in Sec.A.2.h, are amended and replaced by the following:

Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your lawns on which the property is located, outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings) trees, shrubs, and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) fire;
- (2) lightning;
- (3) explosion;
- (4) riot or civil commotion;
- (5) aircraft;
- (6) windstorm; or
- (7) hail.

Valuable Papers and Records (Other Than Electronic Data) is deleted in its entirety and replaced by the following:

Valuable Papers and Records (Other Than Electronic Data)

You may extend the insurance that applies to your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered – Electronic Data.

Under this Extension, the most we will pay to replace or restore the lost information is the limit shown on the Schedule of this form at each described premises. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs are not additional insurance.

Property Off Premises – the last sentence is amended to read as follows:

The most we will pay under this extension is the limit shown in the Schedule of this form.

Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees.
- (2) Personal property of others in your care, custody or control, including property belonging to individuals in your care.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. We can settle all losses with you and make all payments to you at our option. This property is not covered if it is already insured elsewhere.

Criminal Reward

We have extended the insurance provided by this endorsement for information leading to the arrest and conviction of persons responsible for crimes committed against the insured, when any covered loss is deemed suspicious by the police or fire department, and only when the person responsible is convicted of the crime.

The most we will pay under this extension is the limit shown in the Schedule of this form for criminal reward.

“Emergency” Vacating Expenses

The insurance provided by this Coverage Form is extended to apply to the reasonable expenses that you incur in the “emergency” vacating of the premises of your facility.

We will not pay any expenses under this extension arising out of:

- (1) a strike, bomb threat or false fire alarm, unless vacating is ordered by civil authority;
- (2) a planned vacating drill;
- (3) the vacating of one or more of your customers, clients, residents, students, campers or users of your facility that is due and confined to their individual medical conditions; or
- (4) any of the following to the extent these causes of loss are excluded in Section B of this Coverage Form:
 - (a) governmental action;
 - (b) nuclear hazard; and
 - (c) war and military action

No other exclusions in your policy apply to this extension.

A \$500 deductible applies to this Additional Coverage.

The most we will pay for “Emergency” Vacating Expenses in any one occurrence under this extension is the limit shown in the Schedule of this form.

Inflation Guard

If Building coverage is shown on the Declarations and the Replacement Cost Optional Coverage has been selected for the Building coverage, then the Optional Coverage – Inflation Guard as listed under Section G. Optional Coverages of the Building and Personal Property Coverage Form automatically applies to the building. The percentage increase for each building at each described location is the percentage shown in the Schedule of this form.

THE CAUSES OF LOSS – SPECIAL FORM IS AMENDED AS FOLLOWS:

The following ADDITIONAL COVERAGES are added:

EXCLUSIONS are amended as follows:

The Utility Services Exclusion is deleted in its entirety and is replaced with the following:

Utility Services

******The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises except as provided in the Additional Coverage on this endorsement. Failure includes lack of sufficient capacity and reduction in supply. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

b. Special exclusion 4.a.(1) is deleted in its entirety and is replaced with the following:

Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building, except as provided in the Additional Coverage on this endorsement. But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

Utility Services – Direct Damage

We will pay for loss of or damage to Covered Property described in the Schedule, caused by an interruption in Utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss (as indicated in the Schedule) to the types of property described below and located off the described premises.

Coverage under this section for loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

The Utility Services limit of insurance, as shown in the schedule, is the only limit which applies to the coverage provided under this section, and is in addition to the Limit of Insurance stated in the declarations as applicable to the described premises.

Applicable off premises property:

- (1) Water Supply Services, meaning the following types of property supplying water to the described premises:
 - (a) pumping stations; and
 - (b) water mains.

- (2) Communication Supply Services, meaning property supplying communications service, including telephone, radio, microwave or television services to the described premises, such as:
 - (a) communication transmission lines except overhead transmission lines, including optic fiber transmission lines;
 - (b) coaxial cables; and
 - (c) substations;
 - (d) transformers; and
 - (e) transmission lines, except overhead transmission lines.

The most we will pay for loss or damage under this Additional Coverage is the limit shown in the Schedule of this form.

Utility Services Business Income Coverage

The most we will pay under this Coverage Extension is the limit shown in the Schedule of this form.

The Utility Services Business Income limit of insurance, as shown in the schedule, is the only limit which applies to the coverage provided under this section and is in addition to the limit of insurance stated in the declarations as applicable to the described premises.

Your coverage for Business Income and/or Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility service to that premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the types of property described below and located outside of a covered building described on this policy.

Coverage under this section does not apply to Business Income Loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

- (1) The insurance provided by the Business Income and Extra Expense additional coverage in this endorsement is extended to include loss or damage that you incur due to the interruption of water supply, communication supply or power supply service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises:
 - (a) Water Supply Service means the following types of property supplying water to the described premises:
 - (i) pumping stations; and
 - (ii) water mains.
 - (b) Communication Supply Service means property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
 - (i) communication transmission lines;
 - (ii) switching stations;
 - (iii) substations;
 - (iv) transformers; and
 - (v) transmission lines.

Power Supply Service does not include overhead transmission lines.

(2) We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the utility service property to which the endorsement applies.

No deductible applies to this Additional Coverage.

II. AMENDED CAUSES OF LOSS are amended as follows:

Property in Transit is deleted in its entirety and is replaced by the following:

Property in Transit

The most we will pay for loss or damage under this extension is the limit shown in the Schedule of this form. This extension applies only to your business personal property to which this form applies.

- a. We have extended the insurance provided by this Coverage Part to apply to your business personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be between points in the coverage territory and:
 - (1) in the custody of a "carrier" or bailee for hire;
 - Or
 - (2) on vehicles you own, lease or operate.
- b. Loss or damage must be caused by or result from one of the following causes of loss;
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks on the forced entry.

This coverage is additional insurance. The Additional Condition, Coinsurance, does not apply to this extension.

Water Back Up of Sewers and Drains

We will pay the loss or damage caused by or resulting from water that backs up from a sewer or drain. The most we will pay under this Coverage Extension is the limit shown in the Schedule of this form in any one covered cause of loss.

Lock Replacement

You may extend the insurance provided by this Coverage Part to apply to the cost to repair or replace the door locks or tumblers of your described premises due to theft of your door keys. The most we will pay under this Additional Coverage is the limit shown in the Schedule of this form. This is additional insurance and the coinsurance condition does not apply to this Additional Coverage. No deductible applies to this Additional Coverage.

THE FOLLOWING DEFINITIONS ARE ADDED AS RESPECTS THIS ENDORSEMENT:

1. "Carrier" means a person or organization who provides motor, rail or air transportation for compensation.
2. "Emergency" means imminent danger arising from an external event or a condition in the facility which would "cause loss of life or harm to your customers, clients, residents, students, campers or users of your facility.
3. "Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, stained glass windows, and similar property of rarity, historical value or artistic merit.
4. "Finished Stock" means stock you have manufactured. "Finished Stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.
5. "Money" means:
 - a. currency, coins and bank notes in current use and having a face value; and
 - b. travelers checks, registered checks and money orders held for sale to the public.

6. "Operations" means your business activities occurring at the described premises and the tenantability of the described premises.
7. "Period of Restoration" means the period of time that:
- a. Begin(s):
 - (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" as defined in CP 00 01.

The expiration date of this policy will not cut short the "period of restoration".

8. "Rental Value" means Business Income that consists of:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with the premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
9. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
10. "Suspension" means:
- a. The shutdown or cessation of your business activities;
 - or
 - b. That a part of all of the described premises is rendered untenable.

All other terms and conditions remain the same.

VANLINER INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

“FUNGUS”, WET ROT, DRY ROT AND BACTERIA EXCLUSION

This endorsement amends insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

With respects to Causes of Loss – Special Form, E. Additional Coverage – Limited Coverage For “Fungus”, Wet Rot, Dry Rot, and Bacteria, all references to this Additional Coverage are hereby deleted, wherever shown in these forms and any other related forms attached to this policy.

With respects to the Causes of Loss – Broad Form, D. Additional Coverage – Limited Coverage for “Fungus”, Wet Rot, Dry Rot, and Bacteria, all references to this Additional Coverage are hereby deleted, wherever shown in these forms and any other related forms attached to this policy.

With respects to Causes of Loss – Basic Form, C. Additional Coverage – Limited Coverage for “Fungus”, Wet Rot, Dry Rot, and Bacteria, all references to this Additional Coverage are hereby deleted, wherever shown in these forms attached to this policy.

All other terms and conditions remain the same.



PRIVACY POLICY

A. INTRODUCTION

We are sending this Privacy Policy to explain how Vanliner Group, Inc., Vanliner Insurance Company and TransProtection Service Company (hereinafter referred to as Vanliner) handle and protect personal information about you. Be assured that at Vanliner, keeping personal information secure is a priority. This Privacy Policy will explain how we utilize personal information, including the possible disclosure of that information to third parties.

At Vanliner, we strive to meet your expectations for privacy while still managing information to properly conduct our business and to serve you to our fullest potential. There are occasions when information must be disclosed to fulfill your requests, to deliver products and services, to administer and update policies and to comply with laws and regulations. Keep in mind that information sharing can be very important for meeting your needs and providing you with excellent and consistent quality service.

Please take a few minutes to review the contents of this brochure. If you have any questions concerning this Privacy Policy and how it may affect you, please write us at: One Premier Drive, Fenton, MO 63026.

B. INFORMATION SECURITY IS A PRIORITY

The security of personal information is one of Vanliner's priorities. You may be assured that we regularly review our security practices to protect against unauthorized access to information. We restrict access to your personal information to those employees who need to know that information in the course of performing their jobs. We maintain physical, electronic and procedural safeguards that further protect your personal information.

C. PERSONAL INFORMATION COVERED BY THIS PRIVACY POLICY

Our Privacy Policy applies to all personal information that is obtained by Vanliner in connection with providing insurance coverage. Specifically, this includes individually identifiable information about your character, habits, finances, occupation, general reputation, credit, health, or other personal characteristics, including your name, address and medical information.

D. PERSONAL INFORMATION WE COLLECT

In order to properly serve you and to effectively and efficiently operate, we collect certain types of personal information about you, which may come from the following sources:

1. Information that you provide us, whether on applications, forms, in writing, over the telephone, electronically or by other means. This information may include your name, address, employment information, financial information, and claim information. It may also include health information such as individual medical records or information about an illness, disability or injury. This information could concern your application for an insurance policy or your utilization of an existing insurance policy, either through the claims process or otherwise.

2. Information that we receive from other sources about you. This may include information received from your employer, your health care providers and other third parties. Again, the information received from other sources may include individual medical records or information about an illness, disability or injury. This information could concern your application for an insurance policy or your utilization of an existing insurance policy, either through the claims process or otherwise. Note that information obtained from a report by an insurance support organization may be retained by that organization and disclosed to other persons.

3. Information that we receive from public sources, which may include telephone numbers, addresses, court records or other public records.

At Vanliner, we do not disclose personal information except as permitted or required by law.

E. TYPES OF INFORMATION DISCLOSURE DONE BY VANLINER

(1.) DISCLOSURE WITHIN THE VANLINER AFFILIATED FAMILY

We may disclose personal information to our affiliates in accordance with law.

(2.) DISCLOSURE TO NON-AFFILIATED THIRD PARTIES

To serve you and to properly administer our business, we may also disclose personal information to non-affiliated third parties, including other insurance companies, agents, brokers, administrators and service providers. We may also disclose personal information to non-affiliated third parties who are assisting us by performing services or functions, such as marketing our products and services, conducting surveys or performing audits.

(3.) OTHER INFORMATION DISCLOSURE

We may disclose personal information to companies or organizations outside the Vanliner family as required or permitted by law. For example, we may disclose personal information as required to respond to a subpoena, to respond to insurance regulatory authorities, or to service your policy.

F. PERMITTED DISCLOSURES OF PERSONAL INFORMATION

Vanliner is permitted by law to disclose some personal information obtained in connection with an insurance transaction without your prior authorization. Such permitted disclosures could occur in the context of claims adjusting, van line qualification or when revising or changing an agency contract. These permitted disclosures include:

a. Disclosure to a third party other than an insurance institution, agent or insurance support organization if reasonably necessary for that person to perform a business, professional or insurance function for Vanliner and that person agrees not to further disclose the personal information without your written authorization. (However, further disclosure without your written authorization is permitted if it is reasonably necessary for the business, professional or insurance function that person is performing for Vanliner or if further disclosure would be permissible if made by an insurance institution, agent or insurance support organization.)

b. Disclosure to a third party other than an insurance institution, agent or insurance support organization which enables the third party to provide Vanliner information it requires to determine your eligibility for an insurance benefit or payment.

c. Disclosure to a third party other than an insurance institution, agent or insurance support organization for the purpose of detecting or preventing criminal activity, fraud, material misrepresentation or material nondisclosure in connection with an insurance transaction.

d. Disclosure to an insurance institution, agent, insurance support organization or self-insurer if the information is reasonably necessary to detect or prevent criminal activity, fraud, material misrepresentation or material nondisclosure concerning an insurance transaction.

e. Disclosure to an insurance institution, agent, insurance support organization or self-insurer if the information is reasonably necessary for either Vanliner or the other party receiving the information to perform their job with regards to an insurance transaction.

f. Disclosure to a medical professional or medical institution to verify insurance coverage or benefits, informing an individual of a medical problem of which they may be unaware, or conducting an operations audit or service audit. However, Vanliner is limited to only disclose enough information reasonably needed to accomplish these purposes.

g. Disclosure to an insurance regulatory authority.

h. Disclosure to a law enforcement or related governmental authority to protect Vanliner's interests in preventing or prosecuting fraud or if Vanliner reasonably believes you may have broken the law in some other way.

i. Disclosure to conduct actuarial or research studies provided no individual information is identified in the actuarial or research report. Materials which identify you must be returned to Vanliner or destroyed when no longer needed. The actuarial or research institution must agree not to further disclose the information unless further disclosure would be permitted if done by an insurance institution, agent or insurance support organization.

j. Disclosure to a person or business for the sole purpose of marketing a product or service as long as no medical information is disclosed. Further, personal information concerning your character, personal habits, general reputation, mode of living or a classification derived from the information may not be disclosed. Further, an opportunity must be given for you to tell us you do not want personal information disclosed for this purpose and have not done so.

k. Disclosure to an affiliate who will use the information in auditing Vanliner.

l. Disclosure of nonmedical personal information to an affiliate who will use the information in marketing an insurance product or service. The affiliate must agree not to further disclose the information. Medical information may be disclosed for this purpose only with your written permission.

m. Disclosure to a group insurance policyholder to report claims experience or audit Vanliner's services. Only information reasonably needed for this review or audit may be disclosed.

n. Disclosure pursuant to your written authorization.

o. Disclosure pursuant to your written authorization but submitted by another insurance institution, agent or insurance support organization, if this authorization meets legal guidelines imposed on the insurance industry.

p. Disclosure pursuant to a written authorization signed by you but submitted by someone other than that noted in subsection (o.) immediately above, if this authorization is dated and disclosure is sought within one year of the authorization's date.

G. YOUR PRIVACY OPTIONS

For Vanliner to obtain additional personal information other than that listed previously, we need your prior authorization.

For Vanliner to disclose personal information other than that listed previously, we also need your authorization.

H. ACCESS TO PERSONAL INFORMATION

If you request in writing access to specific and reasonably retrievable personal information about yourself, and you have identified yourself in such a way so that we believe no unauthorized party is fraudulently attempting to review your personal information we, or another entity authorized to act on our behalf, will:

(1) Inform you of the nature and substance of the requested personal information. We may do this in writing, by telephone or by another means of communication.

(2) Allow you to personally inspect and copy the requested personal information or send to you via U.S. Mail a copy of the requested personal information. We may charge a reasonable fee for this service, and we may employ an insurance support organization to perform the copying and requested disclosure of your personal information.

- (3) Tell you to whom Vanliner has disclosed the requested personal information in the preceding two (2) years. If this is not discernible, we will tell you who normally would receive this type of information.
- (4) Tell you from where Vanliner obtained the requested personal information if from an institutional source.
- (5) Provide to you a summary of the procedures used to correct, amend or delete the requested personal information.

**** Note:** If the information you request is medical information which has been supplied to Vanliner by a medical professional or institution, we may give the information and the source of the information either directly to you or to a medical professional designated by you if this medical professional is licensed to provide medical care with respect to the medical condition to which the personal information relates. If we choose to provide the information to your designated medical professional, we will give you notice the requested information has been so disclosed.

**** Note:** The rights of access noted within this section only apply to information concerning natural persons which has been collected and maintained in connection with an insurance transaction. This section does not apply to personal information collected concerning possible or existing claims, civil proceedings or criminal proceedings.

I. CORRECTION OF PERSONAL INFORMATION

If you request in writing that we correct, amend or delete specific personal information about you that we have in our possession, we will:

- (1) Correct, amend or delete the personal information as requested. If we do this, we will notify you in writing of the change. We will also send notice of the correction, amendment or deletion to:
 - a. any person you designate who may have received this particular information within the preceding two years,
 - b. any insurance support organization that mainly receives personal information from insurance institutions if this support organization has been provided the prior version of the personal information within the preceding seven (7) years and if this support organization currently maintains recorded personal information about you,
 - c. any insurance support organization that furnished to Vanliner the information which has now been corrected, amended or deleted.

- (2) Notify you in writing of our refusal to correct, amend or delete the personal information within Vanliner's possession, explain to you the reasons for this refusal, and inform you of your right to file with Vanliner a concise statement clearly illustrating what you believe is the correct information and why you disagree with Vanliner's refusal to correct, amend or delete certain information. If you file such a statement, Vanliner shall:
 - a. file the statement along with the disputed personal information and make the statement available to those seeking access to the disputed personal information,
 - b. when subsequently disclosing the disputed personal information, clearly identify the disputed matter and provide your statement along with the disputed personal information,
 - c. provide your statement to any person you designate who may have received this particular information within the preceding two (2) years,
 - d. provide your statement to any insurance support organization that mainly receives personal information from insurance institutions if this support organization has been provided the disputed personal information within the preceding seven (7) years and if this support organization currently maintains recorded personal information about you,
 - e. provide your statement to any insurance support organization that furnished to Vanliner the disputed information.

**** Note:** The rights discussed in this section apply to information concerning natural persons which has been collected and maintained in connection with an insurance transaction. This section does not apply to personal information collected concerning possible or existing claims, civil proceedings or criminal proceedings.

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

PLEASE COMPLETE A SEPARATE APPLICATION FOR EACH WAREHOUSE LOCATION

Location _____

Hours of Operation _____

OPERATION

1. What percent of total receipts are from: Household moving _____% Commercial moving (other than HHG tariff) _____%
2. Are empty wood pallets stored in areas away from warehoused goods? Yes No
3. Are criminal background checks performed on all employees upon hire? Yes No
4. Does the Insured have monthly / quarterly safety meetings with all employees and part time workers? Yes No
Are all new employees and part time Workers advised of safety protocol during any orientation of new Workers? Yes No
5. Does the Insured document all safety meetings and procedures discussed with employees and part time workers? Yes No
Are all employees and part time workers required to sign a document, which states that they have received safety training and understand the rules? Yes No
6. What types of items will be accepted for storage in the warehouse? Include items in space leased to others, too. Check all that apply and describe in more detail all items marked with a *, and list anything else not shown in the space provided:
 - Household Goods Office Furniture & Fixtures Retail Furniture (Stock) Refrigerated Goods Chemicals* Rolled Paper* Paper Files in Boxes Industrial or Construction Equipment* Computers and Related Equipment Plastic Goods* Packing Materials Propane or other Fuels* Ammunition, Fireworks or other Explosives*
 - Class I – Noncombustible products on combustible pallets, in corrugated cartons or in paper wrappings
 - Class II Products – Class I products in slatted wooden crates or boxes, multiple-thickness paperboard cartons, or other combustible packaging
 - Class III*-- Wood, paper, natural fiber cloth and a limited amount of plastics
 - Unexpanded & Expanded Plastics* -- Unexpanded plastics are solid high-density products; expanded plastics are generally low-density “foam” products. Generally, the heat release rate for expanded plastics is greater than for unexpanded plastics.
 - Class IV* -- Classes I, II or III products containing no more than 25% by volume of expanded plastic, or 15% by weight of unexpanded plastic in the product and/or packaging.
 - Class I Flammable Liquids – Flash points below 100° F (such as alcohol, octane, turpentine)
 - Class II Flammable Liquids – Flash points at or above 100° F and below 140° F (such as kerosene, mineral spirits)
 - Class IIIA Flammable Liquids – Flash points at or above 140° F and below 200° F (like nitrobenzene, pine oil)
 - Class IIIB Flammable Liquids – Flash points at or above 200° F (such as animal & vegetable oils, ethylene glycol)
 - Level I Aerosols – Products containing more than 75% water
 - Level II Aerosols – Water-miscible products and products composed of 25 – 55% non-water-miscible flammable components
 - Level III Aerosols – Non-water-miscible products containing more than 55% of non-water-miscible flammable component
 - Other (list all): _____
7. Does the insured perform rigging? Yes No
If yes, please complete the Rigging Section of this supplemental.
8. Does the insured do any cold storage? Yes No
9. Does the insured use trailers or temporary storage “pods”? Yes No
If yes, please list each with its value on the property application. Yes No
10. Does anyone at your premises do any heat activated shrink-wrapping? Yes No
If yes, is the area for this operation completely separated from storage areas by walls? Yes No

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

LIABILITY

1. Are there any unusual exposures adjacent to your building? (Example: Machine shop, welding shop, factory) Yes No
If so, indicate building number, describe the exposure, its location and distance from your building: _____

2. Do any other companies (not affiliated with yours) occupy part of your building? Yes No
If so, please list the location number, and describe the occupancy and its operations.

3. Does the insured lease warehouse space to others? Yes No
If yes, is a certificate of insurance required naming the insured as an additional insured on the tenant's
policy(ies)? Yes No
What is/are the tenant's business(es) _____
4. Does the insured own any other business or any rental properties? Yes No
If yes, please provide a complete description of all businesses or rental properties, including who insures them:

5. Is the warehouse ever used for warehouse sales? Yes No
If not operated by the insured, is a certificate of insurance required naming the insured as an additional insured on the operator's
policy(ies)? Yes No
If yes, also provide details about the frequency, what is being sold, how many people usually attend the sales, how is parking
controlled and who operates and sponsors the sales:

6. Does the insured install and/or hook up appliances for customers? Yes No
If yes, is the installer trained in appliance installation and/or hook up? Yes No
Is there a quality control procedure in place to prevent losses from incorrect installations and hook ups? Yes No
7. Does the insured use any third party facilities for overflow storage? Yes No
If yes, do they get a certificate of insurance from the third party facility? Yes No
8. Does the insured sell boxes and/or packaging materials? Yes No
If yes, do they always instruct the customers about proper use of the materials? Yes No
Sales \$ _____
9. Does anyone at your premises manufacture crates? Yes No
If yes, are they made of: Wood or Plastic or Other (describe) _____
If yes, is there a quality control procedure in place to assure no splinters or protrusions exist? Yes No
10. Does the insured set up &/or install exhibits and/or booths at conventions or trade shows? Yes No
If yes, list the annual payroll applicable to this operations: \$ _____
If yes, is there a quality control procedure in place? Yes No
11. Does the insured set up &/or install office or retail furniture, fixtures or built-ins like cubicles, etc? Yes No
If yes, list the annual payroll applicable to this operation: \$ _____
If yes, is there a quality control procedure in place? Yes No

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

12. Do all forklift operators receive formal training? Yes No
If no, describe training provided:

13. Are forklifts equipped with the following: Yes No
Backing alarms? Yes No
Lights? Yes No
14. In multi-story warehouses over 20 years old, is the insured aware of floor load limitations to prevent collapse? Yes No

RACK STORAGE

1. Do you utilize racking for storage of goods or products? Yes No
If Yes, how are racks attached? Permanent to Floor or Walls
 Moveable
2. Are double deep storage configurations used? (i.e. when pallets are stacked two per space with one in front of another) Yes No
3. Are lower storage racks protected from lift truck damage? Yes No
If yes, indicate protection: structural nose guards high impact-resistant frames rack guarding
 other (describe)
-
4. Are storage racks inspected after every collision with a lift truck?: Yes No
Are records kept of all collisions? Yes No
5. Please indicate type of storage and maximum heights for each:
 Bulk _____ ft.
 Solid Piling _____ ft.
 Palletized Pile _____ ft.
 Rack _____ ft.
6. Are rack loads in compliance with standards recommended by the rack manufacturers? Yes No
7. Does the Insured store large pieces of furniture on elevated storage racks, which are higher than 6 feet tall? Yes No
If so, how are the pieces of furniture lifted to each shelf? Yes No
Does the Insured attach a furniture platform with safety rails (aka a "cage") to forklifts for all elevated placements? Yes No
Are workers always required to use the "cage" for elevated placements? Yes No
Are strict rules against workers climbing on the elevated storage racks in place? Yes No

PROTECTION

1. Is smoking allowed in the warehouse? Yes No
If yes, explain the smoking policy and how smoking materials are disposed of: _____
2. Have any of the buildings been vacant for a period of time? Yes No
If yes, please describe length of vacancy and circumstances.
-
3. If the building is sprinklered:
Is the sprinkler system an ESFR (Early Suppression Fast Response) system? Yes No
Are in-rack sprinkler heads installed? Yes No
Is the system designed for the highest fire load that could be in the warehouse? Yes No
Is there at least 18 inches of clearance below all sprinkler heads? Yes No
Is the system inspected and tested at least annually by a qualified sprinkler inspector? Yes No
4. Is there clear access to all fire extinguishers and fire alarms? Yes No
- 5a. Is the warehouse protected by security guards? Yes No
If yes, are they armed? Yes No
Are they Employees of the insured or Independent Contractors?

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

- Do independent contractors provide the insured with certificates of insurance? Yes No
- 5b. Are the premises surrounded by fencing? Yes No
If yes, are the gates secured against unauthorized access? Yes No
Is there an outside perimeter surveillance system in place? Yes No
6. Do firewalls separate shipping areas, garages, machine shops & boiler rooms from the rest of the facility? Yes No
7. Are flammables and combustibles (including aerosols) stored separately from the rest of the warehoused goods? Yes No
8. Is there sufficient space in the aisles to allow for fire control and firefighter access and easy movement of goods? Yes No
9. Are chemicals stored? If yes, is there a Material Safety Data Sheet (MSDS) for each chemical stored? Yes No

VALUATION

1. The total value of your building must include, but not be limited to the value of items, such as: permanently attached rack storage, permanently attached machinery and equipment, signs "attached" to the building and personal property used to maintain or service the building. Please complete the attached Building Valuation Worksheet
2. Do you have a detached sign? Yes No
If yes, what is the approximate distance in feet from your building? _____ feet
Do you know the replacement cost of this sign? _____

MINI-WAREHOUSES (Please attach a copy of the contract and hold-harmless agreement all customers must sign)

1. Is access to storage lockers controlled? Yes No
If yes, how? _____
2. Are all rules, regulations and a list of forbidden items included on the contract and signed by the mini-storage customer? Yes No
3. Does the insured require the customer sign an agreement holding the mini-storage facility harmless? Yes No

ADDITIONAL REMARKS:

Fraud Warning: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

I hereby certify that to the best of my knowledge and belief the information provided is true and correct and that no information which materially affects this insurance has been withheld.

Applicant's Signature: _____ Date: _____

Producer's Signature: _____ Date: _____

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

Moving and Storage Program – Rigging Supplement
Complete this section if the insured performs rigging.

Insured's Name: _____

1. What percent of total receipts from all operations is from rigging? _____ % What is the payroll associated with rigging? \$ _____
2. Is any rigging done on board ships? Yes No
3. How many years' experience does the insured have doing rigging? _____ years.
4. What training does the insured have in rigging? _____
 - a. Does the insured provide the crane for rigging jobs? Yes No
If no see Question #6. If yes, please answer the following:
 - b. Is the crane owned or leased ? If leased, is the insured responsible for damage to the crane? Yes No
 - c. How long is the boom? _____ ft. What is the maximum load capacity? _____
 - d. Is the crane protected from vandalism? Yes No
If yes, how? _____
 - e. Is each crane equipped with an insulated link and a proximity warning device? Yes No
 - f. Does the insured provide the operator for the crane for rigging jobs? Yes No
 - i. Are all crane operators 18 years old or older? Yes No
 - ii. Are operators certified by the National Commission for the Certification of Crane Operators? Yes No
 - iii. If not certified, what training do the crane operators have? Yes No
 - iv. Are all operators fluent in universal crane operation hand signals? Yes No
 - v. Are all cranes inspected for safety prior to every lift? Yes No
 - vi. Does the insured clear an area around the lift site in a perimeter at least equal to the height of the boom? Yes No
 - g. Does the insured ever lease the crane to others without providing the operators? Yes No
If yes, is a certificate of insurance required from the lessee naming the insured as an additional insured on their policy? Yes No
5. If cranes aren't used, describe the lifting method used: _____
6. What is the maximum number of stories the insured will perform rigging &/or lifting jobs for? _____ stories
7. What is the maximum weight of items the insured will rig? _____ pounds or tons
8. Is a "test lift" always done before the actual lift? Yes No
9. Do all chains, ropes & slings have the original manufacturers' tags or labels that clearly state how they should be used & the maximum weight they can safely hold? Yes No
10. Is all rigging equipment inspected prior to lifts? Yes No
If yes, who inspects the rigging equipment? _____
Are they trained to recognize worn or damaged gear & discard it immediately? Yes No
11. Do workers ever alter, modify or "retro-fit" equipment? Yes No
12. Will the insured cancel a job based on wind conditions? Yes No
13. Will the insured ever handle highly valuable objects, including artwork? Yes No
14. List types of rigging jobs the insured will perform

15. Will the insured ever install any machinery they've rigged? Yes No
If yes, what is the payroll associated with this operation? \$ _____
If yes, describe the types of machinery they will install _____
What training do the machinery installers (millwrights) have?

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

ADDITIONAL REMARKS:

Fraud Warning: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

I hereby certify that to the best of my knowledge and belief the information provided is true and correct and that no information which materially affects this insurance has been withheld.

Applicant's Signature: _____ **Date:** _____

Producer's Signature: _____ **Date:** _____

VANLINER INSURANCE COMPANY
SUPPLEMENTAL APPLICATION FOR PROPERTY AND GENERAL LIABILITY

BUILDING VALUATION WORKSHEET

Building/Structure \$ _____

Machinery & Equipment (permanently installed):

Racking (storage) \$ _____

Fire Extinguishing Systems (sprinklers, etc.) \$ _____

Climate Control Devices (HVAC) \$ _____

Overhead Cranes \$ _____

Other \$ _____

Signage:

Attached \$ _____

Fencing \$ _____

Personal Property Owned by You or Service Building

(i.e. service tractors, miscellaneous small equipment) \$ _____

TOTAL ESTIMATED BUILDING VALUE: \$ _____

This information will be used solely as a guide in establishing an estimated total building value. Individual values will assist us in ensuring that your building is being properly insured to value.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VANLINER INSURANCE COMPANY

(The attaching clause need be completed only when this endorsement is issued subsequent to preparation of the policy.)

ENDORSEMENT

Effective Date At 12:01 A.M. Standard Time	Policy Number
Named Insured	Countersigned By

(AUTHORIZED REPRESENTATIVE)

SERFF Tracking Number: VANL-125627295 *State:* Arkansas
Filing Company: Vanliner Insurance Company *State Tracking Number:* EFT \$150
Company Tracking Number: PROP 0708
TOI: 05.1 Commercial Multi-Peril - Non-Liability *Sub-TOI:* 05.1000 CMP Sub-TOI Combinations
Portion Only
Product Name: Commercial Property New Program Filing
Project Name/Number: Commercial Property New Program Filing/PROP 0708

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: VANL-125627295 State: Arkansas
Filing Company: Vanliner Insurance Company State Tracking Number: EFT \$150
Company Tracking Number: PROP 0708
TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1000 CMP Sub-TOI Combinations
Portion Only
Product Name: Commercial Property New Program Filing
Project Name/Number: Commercial Property New Program Filing/PROP 0708

Supporting Document Schedules

Satisfied -Name: Filing Support **Review Status:** Approved 05/16/2008

Comments:

Arkansas Commercial Property New Program Filing - Please note, the forms are attached to this filing because the exception rule pages make reference to the forms.

Attachments:

AR PROP Expl Memo.pdf
AR PROP filing doc.pdf
AR PROP ltr.pdf

Explanatory Memorandum

The Vanliner Insurance Company (Vanliner) hereby files rates, rules and forms to support its entry into writing Commercial Property and Commercial Package Policies for moving and storage companies. This filing is for Commercial Property. Vanliner is an ISO subscriber for Commercial Property and is adopting the entire ISO Commercial Property program (rules, loss costs and forms) with only minimal changes and additions.

Proposed Effective Date

The following effective date rule is proposed:

“These rates, rules and forms will be used for policies effective on or after July 1, 2008.”

If approval is not received by the proposed effective date, these changes will become effective upon approval.

Vanliner Insurance Company

The Vanliner Insurance Company (NAIC # 21172) is a commercial lines insurer specializing in the moving and storage industry, Vanliner's state of domicile is Missouri. Vanliner has received an A- rating with a Stable outlook from A.M. Best.

Expense Experience

The Vanliner Insurance Company has never written Commercial Fire and Allied Lines coverage in past. As such we have no historical expense experience for this line of business. After review, we believe the industry expense experience for Commercial Multiple Peril (Non-Liability Portion) line of business is the best proxy we can find for our expected expense provisions.

Exhibit 1 is a summary of the entire US P&C industry's expense experience for this line of business. This is direct data is taken from Part III of the prior three years' Insurance Expense Exhibits. The bottom half of Exhibit 1 displays a number of direct expense ratios. This data was drawn from A.M. Best's Aggregates and Averages – Property/Casualty

Investment Income

The Vanliner Insurance Company has not written Commercial Fire and Allied Lines coverage in past. As such we have no historical investment income experience for this line of business. After review, we believe the industry investment income experience for Commercial Multiple Peril (Non-Liability Portion) line of business is the best proxy we can find for our expected investment income results. This data was drawn from A.M. Best's Aggregates and Averages – Property/Casualty.

Explanatory Memorandum

Exhibit II Page 1 is a summary of the entire US P&C industry's investment income experience for this line of business. This exhibit displays an allocation of policyholder's surplus to line of business calculation, calculates an investment gain ratio, a prepaid expense ratio and eventually develops an expected investment income by line of business attributable to insurance transactions provision.

Exhibit II Page 2 develops Vanliner's selected Profit and Contingency provision. The figures shown reflect our approach to developing the profit provision which is intended to generate the same average return the entire US P&C industry has experienced in the latest three period (2004-2006) for which data is available. See the notes for details about data sources and calculations. We are subtracting Investment Income Attributable to Insurance Transactions (Exhibit 2 page 1) from our Target Return as % of Direct Written Premium to get Vanliner's selected Profit & Contingency Provision. Normally we would express our target return as a % of GAAP equity. However since we are supporting our filing by citing returns industry statutory surplus, the surplus/equity ratio on line 4 of Exhibit II Page 2 has been set to 1.00.

Exhibit II Page 3 develops the three average industry after tax return on surplus based upon figures drawn from A.M. Best's Aggregates and Averages – Property/Casualty.

Loss Cost Multiplier Calculations

Vanliner's Loss Cost Multiplier calculations are displayed in Exhibit III Page 1.

Our selected Commission and Brokerage expense provision is based upon our agency commission schedule. The selected Other Acquisition and General Expense provisions three year averages taken from Exhibit 1. The Tax provisions listed are a state premium tax plus a miscellaneous taxes, licenses and fees provision to cover various miscellaneous and payroll taxes. See Exhibit III Page 2 for the development of the miscellaneous and payroll taxes provision. The miscellaneous taxes provision also includes Fire Marshall Taxes (if applicable) and other state taxes and special assessments. The provisions used are displayed in Exhibit III page 3. The final provision is the selected Profit and Contingency provision developed in Exhibit II Page 2.

Loss Cost Modification

The Fire and Allied lines exposure for most moving and storage companies are significant. Typically the storage warehouse is a large building, often well above the 15,000 square foot size that is the eligibility threshold for class rating in ISO's Commercial Lines Manual. We believe that, in many cases, building values are over \$1 million dollars, in fact, we believe some are in excess of \$10 million dollars. Needless to say, these types of individual building values are significant and represent a significant loss exposure to the insurer. Furthermore, the storage warehouses typically include rack storage systems that will be used to maximize the building's storage capacity which leads to higher fire loads.

Explanatory Memorandum

Often the warehouses have some sort of overhead sprinkler system, but fire detection and suppression systems vary widely in design and must be maintained properly to retain their effectiveness.

To evaluate the appropriateness of the market rate levels for warehouses we have examined industry experience for this class of business as reported by ISO. Our analysis is presented as Exhibit IV. After loss development, exposure and loss trend the ten year projected ultimate loss ratio for this class of business is 68%. Our selected expenses provisions lead to a countrywide average expected loss ratio of 57%, thus we develop an indicated loss cost modification for this class of business. Exhibit IV Page 1 contains the data we reviewed along with the calculations leading the rate indication discussed above.

The data was drawn from a series of ISO Commercial Fire & Allied Lines Highlights circulars each of which profiles five calendar/accident years of experience by occupancy class group.

This attached reports display combined results for Basic Group I/Commercial Fire, Basic Group II/ Commercial Extended Coverage, and Special Causes of Loss/All Other Perils premiums and loss experience. The experience included is reported to ISO under the Commercial Fire & Allied Lines modules of the Commercial Statistical Plan (CSP) and the intermediate level of the Commercial Minimum Statistical Plan (CMSP). The experience reflects both the property damage and time element coverages combined.

The circular exhibits show written premiums, earned premiums, incurred losses and incurred claims. The latest exhibits shows data for calendar/accident years 2002-2006, evaluated as of March 31, 2007. ISO adjusted the losses for all states to reflect loss adjustment expenses by multiplying them by a loss adjustment expenses factor of 1.095 for the Basic Group I/Commercial Fire subline group and 1.105 for the other subline groups. No loss development, premium trend, or loss trend is applied.

In Exhibit IV page 1 columns (3) to (7) the various valuations for each accident year are displayed in the traditional loss development triangle format. Age to age link ratios are calculated for all available data points. A three year weighted average link ratio was selected and used to develop age to ultimate factors. In light of the modest development shown in the 63:51 period, no loss development tail factor was applied.

In Exhibit IV page 1 columns (13) and (14) display the exposure and loss trend factors applied the earned premium in column (2) and developed incurred losses and LAE in column (9). Support for these factors can be found in Exhibit IV pages 2 and 3 respectively.

Loss Trend

Explanatory Memorandum

For trend purposes, the period of use for this filing is assumed to begin on 7/01/2008. To adjust the loss experience to the levels expected to prevail while the loss costs are in effect, trend factors have been applied to the historical incurred losses. These trend factors are based on both:

- external cost indices published by the U.S. Government and Marshall & Swift /Boeckh.
- changes in multistate average claim costs through fourth quarter 2006.

The "historic" trend factors based on the external indices, i.e. the factors based on historic changes in the indices, vary by year. The latest annual rates of change based on these indices are:

Coverage	Annual Rate of Change
Buildings	5.3%
Contents	2.0%
Time Element	1.0%

Incurred losses are also multiplied by loss trend adjustment factors (LTA's) to reflect trends in claim frequency and claim costs that are different from those exhibited by the external indices. The annual loss trend adjustments are:

Line of Business	Buildings	Contents	Time Element
Basic Group I	-3.7%	-1.5%	3.1%
Basic Group II	-0.4%	1.1%	3.4%
Special Causes of Loss	-1.2%	-2.0%	3.1%

This produces a total annual loss trend of:

Line of Business	Buildings	Contents	Time Element
Basic Group I	1.4%	0.5%	4.1%
Basic Group II	4.9%	3.1%	4.4%
Special Causes of Loss	4.0%	0.0%	4.1%

Premium Trend

Over time, insureds tend to purchase increased amounts of insurance in order to compensate for inflation, which results in increased premium revenue. In order to reflect this increase in revenue, ISO uses a premium trend procedure. The premium trend factors are based on observed changes in the annual amount of insurance written for BG I renewal policies for a group of selected companies. The selected annual trends in the amount of insurance are:

Buildings 4.0%

Explanatory Memorandum

Contents	2.2%
Time Element	1.4%

For both loss and premium trend, the traditional ISO approach as been used i.e., current cost factors have been developed to account for historic changes in costs to the current time, loss projection factors have been developed to cover the period from the end of the historic cost period to the prospective average accident date and loss trend adjustment factors have been developed to account for the differences in trend between external economic indices and internal insurance data. The procedure used in the filing mirrors the procedure ISO uses in their standard loss cost review analysis.

Reinsurance Costs in Rate Filings

Vanliner will only write Commercial Property business if sufficient quality reinsurance can be obtained to moderate the company's exposure to significant loss, from either a single location fire to a multiple location catastrophe occurrence. The last 10 years have been a tumultuous time in the property insurance marketplace as catastrophe losses of unprecedented size and frequency have impacted both primary insurers and reinsurers. Perceived increases in exposure due in part to revisions to catastrophe models and reflection of storm and demand surge effects have lead to increased reinsurance costs.

Accordingly this filing contains a rating rule intended to enable Vanliner to recoup its reasonable net cost of per risk reinsurance. On a building by building basis, we propose to estimate both our reinsurance cost and expected recoveries from per risk reinsurance. Our proposed Additional Cost of Reinsurance rule displays the proposed calculation in detail. At the heart of the proposed rule are three tables that provide cumulative loss cost distributions by percent of insured value. These tables were taken directly from Stephen J. Ludwig's 1991 Proceedings of the Casualty Actuarial Society paper titled "An Exposure Rating Approach to Pricing Property Excess-of-Loss Reinsurance", Exhibit 15. The factors shown enable Vanliner to estimate the portion of its loss cost premium it needs to retain to cover its retention under its per risk reinsurance program. The remainder is the expected reinsurance recovery. Vanliner's net reinsurance cost is then computed as expected reinsurance cost less expected reinsurance recoveries. Finally a reinsurance rating adjustment factor is developed to reflect the effect of the substitution of the reinsurance cost for the expected reinsurance recovery. This factor would be applied to the premium to account for the additional commission, taxes and other costs associated with any increase in premium.

No changes were made to Ludwig's factors but an adjustment has been made to the captions for the tables drawn from Ludwig's paper. Ludwig's paper cites results for the 1984-1988 accident years. ISO's Commercial Property exposure trend data suggests that commercial property values have just about doubled since 1984. The data is shown on page 2 of Exhibit IV. Accordingly the amount of insurance ranges have been adjusted as follows:

Explanatory Memorandum

Original (1984-1988)	Exposure	Revised (2008)
Amount of Insurance Ranges	Trend	Amount of Insurance Ranges
\$1,000 to \$25,000	2	\$1,000 to \$50,000
\$25,000 to \$100,000	2	\$50,000 to \$200,000
\$100,000 to \$300,000	2	\$200,000 to \$600,000
\$300,000 to \$1,000,000	2	\$600,000 to \$2,000,000
Over \$1,000,000	2	Over \$2,000,000

The manual pages display the factors as drawn from Ludwig's original paper. However Ludwig choose to display factors for broad bands; 5%, 10%, 20%, etc. In practice we will use straight line interpolation to generate factors in increments of 1% for the intermediate values not shown in Ludwig's paper.

ISO Filings Being Adopted

With this filing Vanliner is adopting the entire ISO Commercial Property Manual as currently filed and approved in this state. This includes the:

- State Insurance Manual (multistate and state specific rules and loss costs)
- Community Mitigation Classification
- Composite Rating Plan
- Class Table
- Class Table Reference
- Individual Risk Premium Modification Plan
- Multi-Location Premium and Dispersion Credit Plan
- Retrospective Rating Plan
- Terrorism Supplement to the CLM

Exhibit V contains a list of all the manual holder notices, ISO's reference filing numbers and the state filing reference numbers (if any) for various manual pages we are adopting with this filing.

Vanliner Exception Pages

Vanliner's proposed CLM exception pages are attached as Exhibit VI. These are built to work with ISO's Commercial Lines Manual. There is a company multistate exception page that displays the rules we intend to use in all states. The Vanliner state exception pages display the

Loss Cost Multiplier developed and supported in this filing.

State Filing Forms

Explanatory Memorandum

A complete set of state filing forms is attached.

Person to Contact

If there any questions about this filing please contact the following:

Ian McKechnie
Chief Actuary and Director of Industry Compliance
(636) 305-4793 or (800) 325-3619 ext 4793
Ian_McKechnie@unigroupinc.com

Explanatory Memorandum

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Exhibit VI Vanliner's State Exception Pages

State Filing Forms

Total US PC Industry
Insurance Expense Exhibit (000) Omitted
Commercial Multiple Peril (Non-Liability Portion)
As reported in Best's Aggregates & Averages - Property/Casualty

Col. Item	2003	2004	2005	2006	Latest 3 yr 2004-06
Part III - Allocation to Lines of Direct Business Written					
1 Premiums Written	19,591,295	19,495,890	20,566,368	21,712,780	61,775,038
3 Premiums Earned	18,780,539	19,197,267	20,129,142	21,184,756	60,511,165
5 Dividends to Policyholders	208,102	257,443	259,113	15,832	532,388
7 Incurred Loss	8,427,009	10,538,237	13,976,426	8,849,578	33,364,241
9 Defense and Cost Containment Expenses Incurred	609,759	864,025	571,033	348,692	1,783,750
11 Adjusting and Other Expenses Incurred	740,842	786,421	812,788	790,105	2,389,314
13 Unpaid Losses	8,141,320	9,387,968	13,295,227	9,395,987	32,079,182
15 Defense and Cost Containment Expenses Unpaid	1,159,016	1,517,897	1,618,486	1,439,549	4,575,932
17 Adjusting and Other Expenses Unpaid	466,909	555,795	666,958	661,768	1,884,521
19 Unearned Premium Reserves	9,324,700	9,373,757	10,055,444	10,506,330	29,935,531
21 Agent's Balances	3,896,733	3,906,350	4,009,449	4,472,765	12,388,564
23 Commission and Brokerage Expenses Incurred	3,177,217	3,285,969	3,316,698	3,602,873	10,205,540
25 Taxes, Licenses & Fees Incurred	499,855	452,187	501,169	522,033	1,475,389
27 Other Acquisitions, Field Supervision, and Collection Expenses Incurred	1,255,205	1,120,901	1,226,695	1,358,807	3,706,403
29 General Expenses Incurred	1,188,691	1,053,784	1,111,853	1,164,638	3,330,275
31 Other Income Less Expenses	(56,158)	15,103	(18,756)	(37,162)	(40,815)
33 Pre-Tax Profit or Loss Excluding All Investment Gain	2,617,682	853,384	(1,665,383)	4,495,004	3,683,005
Paid Loss		9,291,589	10,069,167	12,748,818	32,109,574
Defense and Cost Containment Expenses Paid		505,144	470,444	527,629	1,503,217
Adjusting and Other Expenses Paid		697,535	701,625	795,295	2,194,455

Direct Expense Ratios

Inc. Loss / Earned Premium Ratio	= (7) / (3)	44.9%	54.9%	69.4%	41.8%	55.1%
Inc. ALAE / Earned Premium Ratio	= (9) / (3)	3.2%	4.5%	2.8%	1.6%	2.9%
Inc. ULAE / Earned Premium Ratio	= (11) / (3)	3.9%	4.1%	4.0%	3.7%	3.9%
Inc. Loss & LAE / Earned Premium Ratio	subtotal	52.1%	63.5%	76.3%	47.1%	62.0%
Inc LAE / Inc Loss Ratio	= ((9)+(11))/(7)	16.0%	15.7%	9.9%	12.9%	12.5%
Inc Loss & LAE / Inc Loss & ALAE Ratio	= ((7)+(9)+(11))/((7)+(9))	108.2%	106.9%	105.6%	108.6%	106.8%
Inc Loss & LAE / Inc Loss Ratio	= ((7)+(9)+(11)) / (7)	116.0%	115.7%	109.9%	112.9%	112.5%
Paid Loss Ratio to DEP			48.4%	50.0%	60.2%	53.1%
Paid ALAE Ratio to DEP			2.6%	2.3%	2.5%	2.5%
Paid ULAE Ratio to DEP			3.6%	3.5%	3.8%	3.6%
Change in ALAE O/S to DEP			1.9%	0.5%	-0.8%	
Change in ULAE O/S to DEP			0.5%	0.6%	0.0%	
Commission Ratio to DWP	= (23) / (1)	16.2%	16.9%	16.1%	16.6%	16.5%
T. L. & F Ratio to DWP	= (25) / (1)	2.6%	2.3%	2.4%	2.4%	2.4%
Other Acq Ratio to DEP	= (27) / (3)	6.7%	5.8%	6.1%	6.4%	6.1%
General Exp Ratio to DEP	= (29) / (3)	6.3%	5.5%	5.5%	5.5%	5.5%
U/W Expense Ratio to DEP	sum((23):(29)) / (3)	32.6%	30.8%	30.6%	31.4%	30.9%

Total US PC Industry
Allocation of Investment Income by Line of Business (000) Omitted
As Reported in A.M. Best's Aggregates and Averages

	Overall US PC Industry			Line - CMP Non Liability			Notes:
	(a) 2005	(b) 2006	(c) Mean	(j) 2005	(k) 2006	(l) Mean	
Allocation of Policyholder Surplus to Line of Business							
Direct Earned Premium (1)	475,744,787	484,089,549	479,917,168	20,129,142	21,184,756	20,656,949	
Net Earned Premium (2)	425,631,427	440,531,383	433,081,405	17,119,051	17,735,954	17,427,503	
Net Loss Reserves (3)	435,546,639	444,012,015	439,779,327	9,268,155	7,407,523	8,337,839	
Net LAE Reserves (4)	88,037,369	93,017,782	90,527,576	2,042,350	2,025,913	2,034,132	
Net Loss & LAE Reserves (5)	523,584,008	537,029,797	530,306,903	11,310,505	9,433,436	10,371,971	= (3) + (4)
Net Unearned Premium Reserves (6)	192,545,236	199,911,689	196,228,463	9,675,973	9,961,273	9,818,623	
Mean Reserves & Current Premium (7)			1,167,066,748			37,926,548	= (2) + (5) + (6)
Policyholder's Surplus (8)	438,730,167	501,207,293	469,968,730				
Policyholder Surplus Ratio (9)			40.27%			40.27%	= (8) / (7)
Allocated Policyholder Surplus (10)			469,968,730			15,272,727	= (7) * (9)
Premium / Surplus Ratio (11)			0.94			1.16	= (2) / (10)
Calculation of Investment Gain Ratio							
Net Investment Income Earned (12)	51,734,584	54,646,113					
Net Realized Capital Gains or (Losses) (13)	12,194,108	3,587,228					
Net Investment Gain or (Loss) (14)	63,928,692	58,233,341					= (12) + (13)
Net Loss & LAE & Unearned Premium F (15)	716,129,244	736,941,486	726,535,365	20,986,478	19,394,709	20,190,594	= (5) + (6)
Net Agents' Balances (16)	85,518,520	92,714,854	89,116,687	3,739,490	4,352,582	4,046,036	
Funds held by company under reinsur (17)	33,994,289	30,553,086	32,273,688			-	
Policyholder's Surplus (18)			469,968,730			15,272,727	= (10)
Total Investable Funds (19)			1,139,661,096			31,417,284	= (15) - (16) + (17) + (18)
Net Investment Gain Ratio (20)			0.051			0.051	= (14) / (19)
Calculation Of Prepaid Expense Ratio							
Commissions (21)	45,587,636	46,948,341	46,267,989	2,716,601	3,017,475	2,867,038	
Taxes, Licenses & Fees (22)	11,918,521	11,869,096	11,893,809	492,006	501,908	496,957	
Other Acquisition Expense (23)	28,606,861	31,302,514	29,954,688	1,284,241	1,440,997	1,362,619	
General Expense (24)	24,793,525	27,773,256	26,283,391	1,131,016	1,216,403	1,173,710	
Net Prepaid Expense (25)	98,509,781	104,006,579	101,258,180	5,058,356	5,568,582	5,313,469	= (21)+(22)+(23)+(0.5 * (24)
Net Written Premium (26)	433,530,933	448,417,041	440,973,987	17,642,495	18,341,456	17,991,976	
Prepaid Expense Ratio (27)	22.72%	23.19%	23%	28.67%	30.36%	30%	= (25) / (26)
Investment Gain on Funds Attributable to Insurance Transactions							
Net Unearned Premium Reserves (28)	192,545,236	199,911,689	196,228,463	9,675,973	9,961,273	9,818,623	= (6)
(1 - Prepaid Expense ratio) (29)			0.7681			0.6964	= 1 - (27)
Unpaid Unearned Premium Reserve (30)			150,714,913			6,837,627	= (28) * (29)
Net Loss & LAE Reserves (31)	523,584,008	537,029,797	530,306,903	11,310,505	9,433,436	10,371,971	= (5)
Net Agents' Balances (32)	85,518,520	92,714,854	89,116,687	3,739,490	4,352,582	4,046,036	= (16)
Investment Funds Attributable to Insur (33)			591,905,129			13,163,562	= (30) + (31) - (32)
Net Investment Gain Ratio (34)			0.051			0.051	= (20)
Investment Gain on Funds Attributable (35)			30,244,617			672,619	= (33) * (34)
Investment Gain on Funds Attributable to Capital & Surplus							
Total Investable Funds (36)			1,139,661,096			31,417,284	= (19)
Net Investment Gain Ratio (37)			0.051			0.051	= (20)
Total Investment Gain (38)			58,233,341			1,605,331	= (36) * (37)
Investment Gain On Funds Attributable (39)			30,244,617			672,619	= (35)
Investment Gain on Funds Attributable (40)			27,988,724			932,712	= (38) - (39)
Investment Gain on Funds Attributable (41)			5.8%			4.5%	= (40) / (1)
Investment Income Attributable to Insurance Transactions							
(As a % of Net Earned Premium) (42)			6.9%			3.8%	= (35) / (2)
(As a % of Direct Earned Premium) - pre (43)			6.2%			3.2%	= (35) / (1)
Latest Federal Income Tax Rate (44)			25.9%			25.9%	
(As a % of Direct Earned Premium) - aft (45)			4.6%			2.4%	= (1.00 - (44)) * (43)

Vanliner Insurance Company
Profit & Contingency Exhibit
Commercial Multiple Peril (Non-Liability Portion)

#	<u>Item</u>	
(1)	Direct Earned Premium	21,184,756
(2)	Net Earned Premium	17,735,954
(3)	Premium / Surplus Ratio	1.16
(4)	Statutory Surplus to GAAP Equity Ratio	1.000
(5)	GAAP Equity	15,272,727
(6)	ROE Objective	11.73%
(7)	After-Tax Target Return	1,791,249
(8)	Federal Income Tax Rate	35.0%
(9)	Before Tax Target Return	2,755,768
(10)	Target Return as % of DWP = Underwriting Profit & Contingencies Provision	13.0%
(11)	Investment Gain Attributable to Insurance Transactions	3.2%
(12)	Investment Gain Attributable to Capital & Surplus	4.5%
(13)	Company Selected Profit & Contingency Provision* *Net of Investment Income Attributable to Insurance Transactions	9.83%

Notes:

- (1) Exhibit 1 (2006 Best's Aggregates and Averages)
- (2) 2006 Best's Aggregates and Averages
- (3) Exhibit 2 Page 1 Line 11
- (4) Exhibit 2 Page 3 Line 8
- (5) = ((2) / (3)) / (4)
- (6) Exhibit 2 Page 3 Line 5
- (7) = (5) * (6)
- (8) Federal Income Tax Rate
- (9) = (7) / (1 - (8))
- (10) = (9) / (1)
- (11) = Investment Income Exhibit - See Exhibit 2 Page 1
- (12) = Investment Income Exhibit - See Exhibit 2 Page 2
- (13) = (10) - (11)

Total US PC Industry
Underwriting and Investment Exhibit
Statement of Income
As Reported in A.M. Best's Aggregates and Averages

	Calendar Year				
	2004	2005	2006	2004-06	
Total US PC Industry					
(1) Net Income before income tax	55,287,713	59,496,441	89,956,746		204,740,900
(2) Federal and foreign income taxes	14,757,786	10,700,427	22,362,919		47,821,132
(3) Net Income after income tax	40,529,927	48,796,014	67,593,827		156,919,768
(4) Surplus as regards policyholders	401,388,974	435,348,403	501,207,293		1,337,944,670
(5) Return on Policyholder Surplus (After Tax)	10.10%	11.21%	13.49%		11.73%
	2004	2005	2006	2007	2005-07
Vanliner Insurance Company					
(6) Surplus as regards policyholders (STAT)	104,922,753	107,627,181	112,738,562	118,554,575	338,920,318
(7) Shareholder's Equity (GAAP)	110,702,213	114,515,478	124,033,206	131,907,755	370,456,439
(8) Surplus / Equity ratio	0.948	0.940	0.909	0.899	0.915

Notes / Sources

- (1) AS Page 4 Line 18
- (2) AS Page 4 Line 19
- (3) AS Page 4 Line 20
- (4) AS Page 3 Line 35
- (5) = (3) / (5)
- (6) Vanliner Insurance Company - Reclass for Statutory Financial Statements
- (7) Vanliner Insurance Company - Reclass for Statutory Financial Statements
- (8) = (6) / (7)

Vanliner Insurance Company
Arkansas Commercial Property
Selected Expense Provisions

	<u>Item</u>	<u>Provision</u>
(1)	Commission & Brokerage	17.50%
(2)	Other Acquisition Expenses	6.13%
(3)	General Expenses	5.50%
	Taxes, Licenses & Fees	
(4)	Premium Tax	2.50%
(5)	Miscellaneous Taxes, Licenses and Fees	1.44%
(6)	total	<u>3.94%</u>
	Other Expenses	
(7)	Unallocated Loss Adjustment Expense	0.00%
(8)	Residual Market Costs	0.00%
(9)	Total	<u>0.00%</u>
(10)	Profit & Contingencies	
(11)	Required Return on Surplus	13.01%
(12)	Expected Investment Income on Insurance Transactions	3.18%
(13)	Profit & Contingencies net of Investment Income	<u>9.83%</u>
(14)	Expense Ratio	42.90%
(15)	Expected Loss and LAE Ratio	57.10%
(16)	Loss Cost Modification	114%
(17)	Indicated Loss Cost Multiplier	1.996

Notes:

- (1) Per Commission Schedule
- (2) Three year average from Exhibit I
- (3) Three year average from Exhibit I
- (4) Statutory rate per state
- (5) Industry average
- (7) Three year average from Exhibit I
- (13) Net of expected investment income on insurance transactions
- (11) Line 10 Exhibit 2 Page 2
- (12) Line 11 Exhibit 2 Page 2
- (14) = sum (1) to (13)
- (15) = 100% minus (8)
- (16) Exhibit IV
- (17) = (16) / (15)

INSURANCE SERVICES OFFICE, INC.

Exhibit 7

Fire and Allied Lines Insurance

Miscellaneous Taxes and Payroll Taxes

<u>Miscellaneous Taxes</u>	<u>Industry Aggregates All Lines</u>
(1) Net Earned Premium	\$433,983,070
(2) Insurance Department Licenses and Fees Paid ^a	725,703
(3) Ratio [(2) / (1)]	0.17%
(4) All Other Miscellaneous Taxes Paid ^b	742,741
(5) Ratio [(4) / (1)]	0.17%
(6) Total Miscellaneous Tax Ratio [(3) + (5)]	0.34%
<u>Payroll Taxes</u>	
(1) Net Earned Premium	\$433,983,070
(2) Payroll Taxes ^c	2,623,932
(3) Ratio [(2) / (1)]	0.60%

Note: All dollar amounts are in thousands.

^a Includes only those taxes that appear in Part I, line 20.2, column 4 (Taxes, Licenses and Fees), of the Insurance Expense Exhibit.

^b Includes only those taxes that appear in Part I, line 20.4, column 4 (Taxes, Licenses and Fees), of the Insurance Expense Exhibit.

^c Payroll taxes include Social Security, Medicare and unemployment taxes.

Of the \$2.6 billion in payroll taxes reported above, \$1.0 billion are classified as loss adjustment expenses on the Insurance Expense Exhibit, \$0.8 billion are classified as acquisition expenses and \$0.8 billion are classified as general expenses. Thus, adding the payroll tax ratio to underwriting expense ratios shown elsewhere in this circular would result in double counting.

Source: Insurance Expense Exhibit data for calendar year 2006 from A.M. Best.

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INSURANCE SERVICES OFFICE, INC.					Exhibit 5
Fire Insurance					Sheet 1
2007 Tax Rates by State [†]					
State	Premium Tax		Fire Marshal Taxes*	Other State Taxes and Special Assessments*	
	Foreign Rate	Domestic Rate			(1)
Alabama	3.60%	a	3.60%	a	
Alaska	2.70%		2.70%		
Arizona	2.20%	b	2.20%	b	
Arkansas	2.50%		2.50%		0.50% c
California	2.35%		2.35%		
Colorado	2.00%	d	2.00%	d	
Connecticut	1.75%		1.75%		
Delaware	1.75%		1.75%		0.25% e
District of Columbia	1.70%		1.70%		f
Florida	1.75%		1.75%		
Georgia	2.25%		2.25%		0.90% g,h
Hawaii	4.27%	k	4.27%	k	1.00% i
Idaho	2.10%	n	2.10%	n	j
Illinois	0.50%		0.50%		l,m
Indiana	1.30%		1.30%	r	1.00% o,p,q
Iowa	1.00%		1.00%		0.50% s
Kansas	2.00%		2.00%		
Kentucky	2.00%		2.00%	u	3.25% t
Louisiana	3.00%		3.00%		0.75% v
Maine	2.00%		2.00%		w
Maryland	2.00%		2.00%		x
Massachusetts	2.28%		2.28%		1.40% z
Michigan		cc		cc	aa
Minnesota	2.00%	dd	2.00%	dd	bb
Mississippi	3.00%		3.00%		cc
Missouri	2.00%		2.00%		dd
Montana	2.75%		2.75%		ee
Nebraska	1.00%		1.00%		ff
Nevada	3.50%	ii	3.50%	ii	gg
New Hampshire		jj		jj	hh
New Jersey	2.10%	ll	2.10%	ll	2.50%
New Mexico	3.00%	pp	3.00%	pp	mm
New York	2.00%	rr	2.00%	rr	nn,oo
North Carolina	1.90%		1.90%		qq
North Dakota	1.75%		1.75%		0.50% ss
Ohio	1.40%		1.40%		0.01% tt,uu,vv
Oklahoma	2.25%		2.25%		1.33% ww,xx
Oregon		bbb		bbb	yy,zz
Pennsylvania	2.00%		2.00%		
Puerto Rico		fff		fff	0.75%
Rhode Island	2.00%		2.00%		0.31% aaa
South Carolina	1.25%		1.25%		1.00% ccc
South Dakota	2.50%	jjj	2.50%	jjj,kkk	ddd
Tennessee	2.50%		2.50%		eee
Texas	1.60%		1.60%		0.00% ggg
Utah	2.25%		2.25%		0.00%
Vermont	2.00%		2.00%		2.00%
Virginia	2.25%		2.25%		2.35% hhh
Washington	2.00%		2.00%		0.50%
West Virginia	4.00%	rrr	4.00%	rrr	0.75%
Wisconsin	0.38%	ttt		ttt	0.24% iii
Wyoming	0.75%		0.75%		

† Tax rates do not reflect any credits for payments to guaranty fund associations or any other credits that may be available under the laws of each state.
* Applies to both foreign and domestic companies unless otherwise noted.

See State Notes starting on Sheet 2.

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Commercial Property - Buildings, Contents and Time Element
Current and Projected Written Exposure Factors

Year	Buildings		Contents		Time Element		Total	(8)	(9)
	(1) ^a	(2) ^a	(3) ^a	(4) ^a	(5) ^a	(6) ^a	(7)	7-1-2008 Current Earned Exposure Factors	1-1-2009 Projected Earned Exposure Factors
	Annual Written Increase	Written Factors	Annual Written Increase	Written Factors	Annual Written Increase	Written Factors	Wtd Written Factors		
1984	4.2% e	2.173	0.8% e	1.874	2.4%	1.497	2.052		
1985	4.2%	2.085	0.8%	1.859	2.3%	1.463	1.987	2.020	2.054
1986	4.3%	1.999	-0.7%	1.872	0.9%	1.450	1.931	1.959	1.992
1987	4.3%	1.917	5.4%	1.776	2.6%	1.413	1.848	1.890	1.922
1988	4.0%	1.843	4.8%	1.695	3.4%	1.367	1.774	1.811	1.841
1989	4.5%	1.764	4.8%	1.617	3.9%	1.316	1.697	1.736	1.765
1990	4.0%	1.696	4.4%	1.549	3.8%	1.268	1.631	1.664	1.692
1991	3.6%	1.637	4.1%	1.488	3.1%	1.230	1.572	1.602	1.629
1992	3.6%	1.580	3.9%	1.432	1.5%	1.212	1.518	1.545	1.571
1993	2.5%	1.541	2.5%	1.397	1.3%	1.196	1.482	1.500	1.525
1994	2.6%	1.502	2.7%	1.360	1.3%	1.181	1.445	1.464	1.488
1995	2.6%	1.464	2.5%	1.327	1.3%	1.166	1.409	1.427	1.451
1996	2.5%	1.428	2.6%	1.293	1.2%	1.152	1.375	1.392	1.415
1997	2.2%	1.397	2.2%	1.265	1.2%	1.138	1.346	1.361	1.384
1998	2.2%	1.367	2.2%	1.238	1.1%	1.126	1.318	1.332	1.354
1999	2.1%	1.339	2.1%	1.213	1.0%	1.115	1.292	1.305	1.327
2000	2.6%	1.305	2.1%	1.188	1.0%	1.104	1.262	1.277	1.298
2001	2.9%	1.268	2.2%	1.162	1.0%	1.093	1.229	1.246	1.267
2002	3.0%	1.231	2.3%	1.136	1.1%	1.081	1.197	1.213	1.233
2003	2.8%	1.197	2.2%	1.112	1.1%	1.069	1.167	1.182	1.202
2004	3.1%	1.161	2.2%	1.088	1.2%	1.056	1.135	1.151	1.170
2005	3.4%	1.123	2.1%	1.066	1.3%	1.042	1.103	1.119	1.138
2006	3.8%	1.082	2.1%	1.044	1.4%	1.028	1.069	1.086	1.104
2007	4.0%	1.040	2.2%	1.022	1.4%	1.014	1.034	1.052	1.070
2008	4.0% e	1.000	2.2% e	1.000	1.4% e	1.000	1.000	1.017	1.034

Five year incurred losses ^b

4,808,880,516	1,865,669,570	447,512,073
---------------	---------------	-------------

^a The percentages in Columns (1), (3) & (5) represent the change in written exposures from each year to the next. Columns (2), (4) & (6) are the cumulative change in written exposures for each year relative to the latest year (2007).

^b The five-year incurred losses are through accident year ending December 31, 2006.

The total written factor is the incurred loss weighted average of the written factors by coverage.

The Current Earned Exposure Factors in this exhibit are derived from written factors using weights that are geared to accident year data ending 12/31.

^c The selected average annual change in amounts of insurance for projection purposes is +4.0% for buildings +2.2% for contents and 1.4% for time element. Consequently, the earned factors at July 1, 2007 level in Column (7) are brought to the level at the average date of writing in the effective period, January 1, 2009 (i.e., 6 months beyond an assumed implementation date of July 1, 2008), by applying a factor of 3.4% $(1.034)^{18/12} = 1.051$ all coverages combined

INSURANCE SERVICES OFFICE, INC.

Exhibit 8

**COMMERCIAL PROPERTY BUILDINGS, CONTENTS, AND TIME ELEMENT
EXTERNAL ANNUAL RATES OF CHANGE ^a**

Calendar Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Buildings Current Cost Factor	Contents Current Cost Factor	Time Element Current Cost Factor	Combined Current Cost Factor	Loss Projection Factor 7/1/2009	Loss Trend Adjustment Factor	Total Trend Factor (4)*(5)*(6)
1992	1.654	1.260	1.104	1.516	1.112	0.954	1.609
1993	1.611	1.242	1.087	1.481	1.112	0.954	1.572
1994	1.565	1.231	1.073	1.447	1.112	0.954	1.536
1995	1.523	1.207	1.062	1.411	1.112	0.954	1.498
1996	1.492	1.183	1.072	1.385	1.112	0.954	1.470
1997	1.446	1.178	1.066	1.352	1.112	0.954	1.435
1998	1.421	1.170	1.073	1.333	1.112	0.954	1.415
1999	1.400	1.155	1.068	1.315	1.112	0.954	1.396
2000	1.373	1.139	1.052	1.292	1.112	0.954	1.371
2001	1.354	1.119	1.047	1.273	1.112	0.954	1.351
2002	1.316	1.121	1.053	1.248	1.112	0.954	1.325
2003	1.284	1.108	1.054	1.223	1.112	0.954	1.299
2004	1.210	1.083	1.040	1.166	1.112	0.954	1.238
2005	1.127	1.059	1.020	1.102	1.112	0.954	1.170
2006	1.066	1.046	1.009	1.057	1.112	0.954	1.122
2007	1.017	1.014	1.003	1.015			

Five year incurred losses (millions) ^b

4,809	1,866	448	7,122
-------	-------	-----	-------

^a The Current Cost Factors and Loss Projection Factors on this exhibit are based on external economic indices through December 31, 2006.

^b Assuming a loss cost revision date of July 1, 2008, the time interval between the midpoint of the latest period of external trend information (December 1, 2006 for buildings and contents and November 15, 2006 for time element) and the prospective average date of loss (July 1, 2009) is 31 months for buildings and contents and 31.5 months time element.

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Vanliner Insurance Company
Arkansas Commercial Lines Manual
Division Five - Fire and Allied Lines
ISO / Bureau Reference Filing Numbers

Manualholder Notice	Filing Reference #
Multistate:	
CF-MU-2005-RU-001	CF-2004-OCT04
CF-MU-2001-LC-001	CF-2001-RLC1
CF-MU-2006-MLPDC-001	RP-2005-RML05
CF-MU-1998-IRPM-001	RP-97-R-97IR
CF-MU-2002-IRPM-001	RP-2001-RIR01
CF-MU-1999-CRP-001	RP-98-R98CR
CF-MU-95-RU-001	CF-2007-RZPEQ
CF-MU-2007-FO-002	CF-2006-OVBEB
Arkansas:	
CF-AR-2007-RU-004	CF-2006-OVBER
CF-AR-2000-RRP-001	RP-98-R98RP
CF-AR-1999-CRP-001	RP-98-R98CR
CF-AR-2002-IRPM-001	RP-2001-RIR01
CF-AR-2006-MLPDC-001	RP-2005-RML05
CF-AR-2007-LC-002	CF-2007-RLA1
CF-AR-2007-FO-001	CF-2006-OVBEB

Vanliner Insurance Company
Multistate Commercial Lines Manual
Division Five - Fire and Allied Lines
Vanliner Insurance Company Forms

Form Number	Form Title
VLP001 07 08	Choice Business Coverage Extensions
VLP002 07 08	"Fungus", Wet Rot, Dry Rot and Bacteria Exclusion
Doc.No.14344/revised 6/19/01	Privacy Policy
VL9326 07 08	Supplemental Application for Property and General Liability
VL0000 08 89	Manuscript Endorsement

Vanliner Insurance Company
Commercial Lines Manual
Division Five - Fire and Allied Lines - Multistate Rules

Rule 8: Policy Writing Minimum Premium

A	Prepaid Policies	\$1,000
B	Annual Premium Payment Plan Policies or Continuous Policies	\$1,000

Rule 9: Additional Premium Changes

B. Waiver of Premium

In the event of a policy change that generates a premium change Vanliner will bill the full additional premium or credit the insured with the full return premium no matter how small the premium difference is i.e., there is no size of change where Vanliner will waive the premium change amount.

Rule 10: Return Premium Changes

B. Waiver of Premium

In the event of a policy change that generates a premium change Vanliner will bill the full additional premium or credit the insured with the full return premium no matter how small the premium difference is i.e., there is no size of change where Vanliner will waive the premium change amount.

Rule 41: Builders' Risk Coverage Options

F. Building Materials and Supplies of Others

3. Additional Premium -

Multiply the limit (per \$100) times \$3.00 to get additional premium. Maximum limit is \$100,000.

Rule A: Choice Business Coverage Extensions

A. Vanliner offers an optional "Choice Business Coverage Extensions" endorsement which can be added to the policy at the insured's request. This endorsement amends and extends coverage to specific items in the policy

B. Premium Determination per policy charge \$500

C. Amendments to coverages under the Building and Personal Property Coverage Form

<u>Schedule of Additional Coverages</u>	<u>Limit of Insurance</u>	<u>Deductibles</u>
Business Personal Property/Plate Glass	*	BPP Ded
Signs [Attached or Unattached-Indoor & Outdoor]	\$25,000	BPP Ded
Business Income and Extra Expense	\$50,000	72 Hours
Electronic Data Processing Equipment Including Ext	\$50,000	BPP Ded
Accounts Receivable	\$50,000	No Deductible
Loss Data Preparation	\$10,000	No Deductible
Ordinance or Law	15% of Building Limit up to \$100,000	No Deductible
Money & Securities	\$5,000 on/\$5,000 off premises	\$500
Money Orders and Counterfeit Paper Currency	\$1,000	No Deductible
Forgery and Alteration	\$15,000	\$500
Employee Dishonesty	\$15,000	\$500
Fine Arts	\$25,000	BPP Ded
Refrigerated Goods Spoilage	\$10,000	\$500
Fire Department Service Charge	Actual loss sustained	No Deductible
Fire Protection Device Recharge	Actual loss sustained	No Deductible
Pollutant Clean Up	\$25,000	No Deductible
Debris Removal	\$30,000	BPP Ded

Vanliner Insurance Company
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Rule A: Choice Business Coverage Extensions (continued)

<u>Schedule of Coverage Extensions</u>	<u>Limit of Insurance</u>	<u>Deductibles</u>
Newly Acquired Locations		
Business Personal Property	\$250,000	See Dec Page
Buildings	\$1,000,000	See Dec Page
Outdoor Property	\$15,000 per occurrence \$500 per item	\$500
Valuable Papers	\$25,000	See Dec Page
Property Off Premises	\$25,000	See Dec Page
Personal Effects and Property of Others	\$25,000 per occurrence \$1,000 per person	See Dec Page
Criminal Reward	\$10,000	No Deductible
Emergency Vacating Expenses	\$5,000	\$500
Inflation Guard	4%	

D Amended Causes of Loss Schedule	<u>Limit of Insurance</u>
Utility Services	**
Utility Services- Direct Damage	\$10,000
Utility Services- Business Income Coverage	\$10,000
Property In Transit	\$10,000
Water Backup of Sewer and Drains	\$25,000
Lock Replacement	\$2,500

Rule B: Additional Reinsurance Cost

- A. This rule develops a rating adjustment factor to address discrepancies between the cost of reinsurance for a particular risk location and the expected reinsurance benefit.
- B. Determine the base premium for each risk location separately for each rating group:
Basic Group I (BGI), Basic Group II (BGII) and All Other Perils.
Base premium is the premium for the standard deductible of \$500 per Rule 33.
- C. Determine the non-catastrophe expected loss costs by rating group by multiplying the base premiums by the non-catastrophe Expected Loss Ratio by rating group as given in Rule 1.
- D. Determine the company's reinsurance retention amount for each risk location.
- E. Determine the total amount of insurance at the location being rated as the sum of of the amounts of insurance on the building, business personal property, time element and any other miscellaneous coverages.

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Rule B: Additional Reinsurance Cost (continued)

- F. Express the company's retention as a percentage of total value by dividing the retention amount from D by the total amount of insurance computed in E. If the Company's retention amount exceeds the total amount of insurance for this risk location then this rule does not apply.
- G Determine the total amount of reinsurance at the location being rated as the sum of the limits for any applicable per risk treaty plus any facultative reinsurance coverage.
- H Express the total of the company's retention, D, plus any applicable reinsurance coverage, G, as a % of the total amount of insurance computed in E. If the total of the company's retention and applicable reinsurance limits is greater than the total amount of insurance then this figure is 100%
- I Determine the company's share of the non-catastrophe expected loss cost for each rating group from the following table as follows:
 - 1 Use the total amount of insurance developed in E. above to determine the proper column.
 - 2 Use the retention % of value developed in F. to determine the proper row for the company retention factor. Interpolate between the figures shown for retention % not shown. For % less than 5% use an appropriate % of the 5% factors.
 - 3 Use the retention & reinsurance % of value developed in H. to determine the proper row for the combined retention/reinsurance factor
 - 4 The reinsurer's portion of the expected loss cost is computed as the retention & reinsurance factors minus the company retention factor
 - 5 The company's portion of the expected loss cost is computed as 1.00 minus the reinsurer's portion developed in I4
- J Determine the expected reinsurance recoveries by rating group by multiplying the expected loss cost by rating group developed in C. above by the expected reinsurance portion of the expected loss cost which is calculated in I5
- K Determine the expected reinsurance cost for the risk by multiplying the estimated base (subject) premium developed in B by the current reinsurance rates. For facultative reinsurance, use the actual facultative reinsurance cost.

	<u>Reinsurance</u>	<u>Rate</u>	<u>Base Premium</u>	<u>Reins Cost</u>
1	Per Risk	tbd		
2	Facultative	n/a	n/a	tbd
			total	tbd

- L Determine the net cost of reinsurance as the expected reinsurance cost developed in K. minus the expected reinsurance recoveries determined in J.
- M Determine the cost of reinsurance rating adjustment factor as follows:

$$\frac{\text{Base Loss Cost (C) plus Net Cost of Reinsurance (L)}}{\text{Base Loss Cost (C)}}$$

- N Apply the reinsurance rating adjustment factor to the base premium developed in B.

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Rule B: Additional Reinsurance Cost (continued)

Cumulative Loss Cost Distribution by Percent of Insured Value

(1) % of Insured Value	(2) Total Amount of Insurance Ranges				
	(3) 1,000 to 50,000	(4) 50,001 to 200,000	(5) 200,001 to 600,000	(6) 600,001 to 2,000,000	(7) Greater than to 2,000,000

Basic Group I (BGI)

5%	0.242	0.375	0.450	0.525	0.753
10%	0.379	0.508	0.589	0.671	0.880
20%	0.548	0.668	0.756	0.824	0.966
30%	0.662	0.772	0.853	0.904	0.993
40%	0.753	0.843	0.912	0.953	0.999
50%	0.827	0.898	0.950	0.980	0.999
60%	0.875	0.929	0.968	0.990	0.999
70%	0.912	0.952	0.979	0.994	0.999
80%	0.945	0.971	0.987	0.996	0.999
90%	0.975	0.986	0.993	0.997	1.000
100%	1.000	1.000	1.000	1.000	1.000

Basic Group II (BGII)

5%	0.290	0.633	0.843	0.825	0.991
10%	0.452	0.745	0.919	0.870	1.000
20%	0.650	0.828	0.973	0.925	1.000
30%	0.768	0.874	0.995	0.958	1.000
40%	0.847	0.904	1.000	0.976	1.000
50%	0.897	0.928	1.000	0.993	1.000
60%	0.931	0.948	1.000	1.000	1.000
70%	0.956	0.966	1.000	1.000	1.000
80%	0.973	0.979	1.000	1.000	1.000
90%	0.987	0.992	1.000	1.000	1.000
100%	1.000	1.000	1.000	1.000	1.000

All Other Perils

5%	0.389	0.640	0.828	0.920	0.989
10%	0.569	0.785	0.913	0.963	1.000
20%	0.746	0.898	0.962	0.983	1.000
30%	0.839	0.942	0.978	0.993	1.000
40%	0.895	0.970	0.987	1.000	1.000
50%	0.933	0.983	0.992	1.000	1.000
60%	0.957	0.990	0.995	1.000	1.000
70%	0.973	0.994	0.998	1.000	1.000
80%	0.984	0.997	0.999	1.000	1.000
90%	0.993	0.999	1.000	1.000	1.000
100%	1.000	1.000	1.000	1.000	1.000

These tables show, for each of the rating groups, what proportion of premium is needed to cover losses up to a given percentage of the total insured value at a single location.

Vanliner Insurance Company
Commercial Lines Manual
Division Five - Fire and Allied Lines - Multistate Rules

Rule B: Additional Reinsurance Cost (continued)

O Rating Example # 1

For the purposes of this example assume that the risk location being rated has the following characteristics:

		Base Premium at \$500 Deductible			Coverage
		BGI	BG II	All Other	Limits
	Building				\$ 9,000,000
	Personal Property				\$ 100,000
	Time Element				\$ 900,000
	All other miscellaneous coverages				\$ -
					\$ 10,000,000
		\$ 60,000	\$ 100,000	\$ 40,000	
	Company Non-Catastrophe Expected Loss Ratio	0.450	0.350	0.400	
	Company Reinsurance Retention				\$ 500,000
	Company Reinsurance Coverage				\$ 10,000,000
	Company Reinsurance Rate - per risk treaty (% of subject premium)				0.123
	Company Reinsurance - facultative cost				\$ 3,000

		Rating Group			totals
		BGI	BG II	All Other	
Step					
B	Risk location base premium	\$ 60,000	\$ 100,000	\$ 40,000	\$ 200,000
C 1	Non-Catastrophe Expected Loss Ratio	0.450	0.350	0.400	
C 2	Expected Loss Cost = B x C1	\$ 27,000	\$ 35,000	\$ 16,000	\$ 78,000
D	Company Retention	\$ 500,000	\$ 500,000	\$ 500,000	
E	Total Amount of Insurance	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	
F	Retention % = D / E	5%	5%	5%	
G	Applicable Reinsurance	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	
H	Retention & Reinsurance % = (D+G) / E	100%	100%	100%	
I 2	Retention % Factor	0.753	0.991	0.989	
I 3	Retention & Reinsurance % factor	1.000	1.000	1.000	
I 4	Reinsurer's Share = I3 - I2	0.247	0.009	0.011	
I 5	Company Share = 1.00 - I4	0.753	0.991	0.989	
J	Expected Reinsurance Recovery = C2 x I4	6,669	315	176	7,160
K	Expected Reinsurance Costs				
	<u>Reinsurance</u>				
	<u>Rate</u>				
	<u>Base Premium</u>				
	<u>Reinsurance Cost</u>				
1	Per Risk	0.123	200,000	24,600	
2	Facultative	n/a	n/a	3,000	
3				total	27,600
L	Net Cost of Reinsurance = K3 - J				20,440
M	Reinsurance Rating Adjustment Factor	$\frac{78,000 + 20,440}{78,000}$			= 1.260

Vanliner Insurance Company
Commercial Lines Manual
Division Five - Fire and Allied Lines - Multistate Rules

Rule B: Additional Reinsurance Cost (continued)

O Rating Example # 2

For the purposes of this example assume that the risk location being rated has the following characteristics:

		Base Premium at \$500 Deductible			Coverage
		BGI	BG II	All Other	Limits
	Building				\$ 1,000,000
	Personal Property				\$ 200,000
	Time Element				\$ 300,000
	All other miscellaneous coverages				\$ -
					\$ 1,500,000
		\$ 20,000	\$ 15,000	\$ 5,000	
	Company Non-Catastrophe Expected Loss Ratio	0.450	0.350	0.400	
	Company Reinsurance Retention				\$ 300,000
	Company Reinsurance Coverage				\$ 900,000
	Company Reinsurance Rate - per risk treaty (% of subject premium)				0.150
	Company Reinsurance - facultative cost				\$ 1,500
Step		Rating Group			totals
		BGI	BG II	All Other	
B	Risk location base premium	\$ 20,000	\$ 15,000	\$ 5,000	\$ 40,000
C 1	Non-Catastrophe Expected Loss Ratio	0.450	0.350	0.400	
C 2	Expected Loss Cost = B x C1	\$ 9,000	\$ 5,250	\$ 2,000	\$ 16,250
D	Company Retention	\$ 300,000	\$ 300,000	\$ 300,000	
E	Total Amount of Insurance	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	
F	Retention % = D / E	20%	20%	20%	
G	Applicable Reinsurance	\$ 900,000	\$ 900,000	\$ 900,000	
H	Retention & Reinsurance % = (D+G) / E	80%	80%	80%	
I 2	Retention % Factor	0.824	0.925	0.983	
I 3	Retention & Reinsurance % factor	0.996	1.000	1.000	
I 4	Reinsurer's Share = I3 - I2	0.172	0.075	0.017	
I 5	Company Share = 1.00 - I4	0.828	0.925	0.983	
J	Expected Reinsurance Recovery = C2 x I4	1,548	394	34	1,976
K	Expected Reinsurance Costs				
	<u>Reinsurance</u> <u>Rate</u>	<u>Base Premium</u>		<u>Reinsurance Cost</u>	
	1 Per Risk 0.150	40,000		6,000	
	2 Facultative n/a	n/a		1,500	
	3			total	7,500
L	Net Cost of Reinsurance = K3 - J				5,524
M	Reinsurance Rating Adjustment Factor	$\frac{16,250 + 5,524}{16,250}$		=	1.340

Vanliner Insurance Company
Commercial Lines Manual
Division Five - Fire and Allied Lines - State Exceptions

Rule 1: Application of this Division

D. Company Rates/ISO Loss Costs

3 Loss Cost Conversion - Loss Cost Multiplier

Policies effective on or after	LCM
7/1/2008	1.996

Rounding Rule - Base rates are calculated by multiplying the ISO loss cost times the Vanliner loss cost multiplier and rounding to 3 places.

4 Expected Loss Ratio

Policies effective on or after	Non-Catastrophe Expected Loss Ratio		
	Rating Group		
	BGI	BGII	Broad/Special
7/1/2008	0.571	0.42	0.47

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="width: 50%; border: none;">New Business</td> <td style="border: none;"></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 #
----------------------	---------------------

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Vanliner Insurance Company	Missouri	21172	86-0114294	30

5. Company Tracking Number	AR PROP 0708
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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
	Vanliner Insurance Company Ian McKechnie	Chief Actuary, Director of Industry Compliance	800-325-3619 ext. 4793	636-305-4270	Ian_McKechnie@unigr oupinc.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Ian McKechnie

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

9. Type of Insurance (TOI)	5.1				
10. Sub-Type of Insurance (Sub-TOI)	05.1003				
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]					
12. Company Program Title (Marketing title)	AR PROP 0708				
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input checked="" 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	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%; border: none;">New:</td> <td style="border: none;">07/01/2008</td> <td style="width: 30%; border: none;">Renewal:</td> <td style="border: none;">07/01/2008</td> </tr> </table>	New:	07/01/2008	Renewal:	07/01/2008
New:	07/01/2008	Renewal:	07/01/2008		

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	I. S. O.
17.	Reference Organization # & Title	ISO - Please see Exhibit V
18.	Company's Date of Filing	5/12/2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	AR PROP 0708
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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New Program - Division 5 - Fire and Allied Lines

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 #: Amount:</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>
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***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	AR PROP 0708
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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Rate Increase
 Rate Decrease
 Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and use
----	---	--------------

4a. Rate Change by Company (As Proposed)							
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Big Insurance Company							
Medium Insurance Company							

4b. Rate Change by Company (As Accepted) For State Use Only							
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change
Vanliner Insurance Company	New program no change	New program no change	New program no change	New program no policyholders	New program no premium	New program no change	New program no change

5. Overall Rate Information (Complete for Multiple Company Filings only)			
		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	0	
5b.	Overall percentage rate impact for this filing	0	
5c.	Effect of Rate Filing – Written premium change for this program	0	
5d.	Effect of Rate Filing – Number of policyholders affected	0	

6.	Overall percentage of last rate revision	New program filing
7.	Effective Date of last rate revision	New program filing
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	AR PROP 0708	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New	

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		AR PROP 0708		
2.	This filing corresponds to rate/rule filing number <small>(Company tracking number of rate/rule filing, if applicable)</small>				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Choice Business Coverage Extensions	VLP001 07 08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	"Fungus", Wet Rot, Dry Rot, and Bacteria Exclusion	VLP002 07 08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Privacy Policy	Doc. No. 14344 0601	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Supplemental Application for Property and General Liability	VL9326 07 08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Manuscript Endorsement	VL0000 08 89	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

NAIC LOSS COST FILING DOCUMENT—OTHER THAN WORKERS' COMPENSATION

CALCULATION OF COMPANY LOSS COST MULTIPLIER

(EFFECTIVE AUG. 16, 2004)

This filing transmittal is part of Company Tracking #	AZ PROP 0708
This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	

(X) **Loss Cost Reference Filing** See Exhibit V Page 1 () **Independent Rate Filing**
(Advisory Org. & Reference filing #)

If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

1. Check one of the following:

<input checked="" type="checkbox"/>	The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer. Note: Some states have statutes that prohibit this option for some lines of business.
<input type="checkbox"/>	The insurer hereby files to have its loss multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

2. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies: Division Five - Fire and Allied Line

3. Loss cost modification:

A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing (Check One):
() Without Modification (factor = 1.000)
(x) With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) See Explanatory Memorandum and Exhibit IV

B. Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.14
Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.
Example 2: Loss cost Modification Factor: If your company's loss cost modification is = 15%, a factor of 1.15 (1.000 + .150) should be used.

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-8 BELOW.

4. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

		Selected Provisions
A.	Total Production Expense	23.63%
B.	General Expense	5.50%
C.	Taxes, Licenses & Fees	3.94%
D.	Underwriting Profit & Contingencies (explain how investment income is taken into account)	9.83%
E.	Other (explain)	0.00%
F.	Total	42.90%

5.	A.	Expected Loss Ratio: $ELR = 100\% - 4F = A$	57.10%
	B.	ELR in Decimal Form =	.571
6.		Company Formula Loss Cost Multiplier (3B/5B)	1.996
7.		Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	1.969
8.		Rate Level Change for the coverage(s) to which this page applies	0



April 30, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904

RE: Vanliner Insurance Company
Commercial Lines
Division Five – Fire and Allied Lines
NAIC: 000-21172
Federal Employer ID #86-0114294
Proposed Effective Date: July 1, 2008

Dear Honorable Benafield Bowman:

Vanliner Insurance Company hereby files to adopt ISO Commercial Lines – Division Five – Fire and Allied Lines as a new program. Vanliner is requesting an implementation date of July 1, 2008.

Should you have any questions or require additional information, please call me at 800-325-3619 extension 4793 or e-mail me at Ian_McKechnie@unigroupinc.com.

Sincerely,

Ian McKechnie
Chief Actuary, Director of Industry Compliance

Enc.

IM/tk