

SERFF Tracking Number: EVST-125706515 State: Arkansas
Filing Company: Everest National Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: AR-CP-20024223
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property
Project Name/Number: Equipment Breakdown/CW-CP-20020757

Filing at a Glance

Company: Everest National Insurance Company

Product Name: Commercial Property	SERFF Tr Num: EVST-125706515	State: Arkansas
TOI: 01.0 Property	SERFF Status: Closed	State Tr Num: EFT \$100
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)	Co Tr Num: AR-CP-20024223	State Status: Fees verified and received
Filing Type: Rate/Rule	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: Vanessa King	Disposition Date: 06/25/2008
	Date Submitted: 06/25/2008	Disposition Status: Exempt from Review
Effective Date Requested (New): 08/01/2008		Effective Date (New): 08/01/2008
Effective Date Requested (Renewal): 08/01/2008		Effective Date (Renewal): 08/01/2008

State Filing Description:

General Information

Project Name: Equipment Breakdown	Status of Filing in Domicile: Pending
Project Number: CW-CP-20020757	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 06/25/2008	Deemer Date:
State Status Changed: 06/25/2008	
Corresponding Filing Tracking Number:	
Filing Description:	
We are submitting for approval a filing for Equipment Breakdown coverage.	

Company and Contact

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Filing Contact Information

Vanessa King, Manager, Filing and Regulation vanessa.king@everestire.com
 P.O. Box 830 (908) 604-3267 [Phone]
 Liberty Corner, NJ 07938-0830 (908) 604-3546[FAX]

Filing Company Information

Everest National Insurance Company CoCode: 10120 State of Domicile: Delaware
 477 Martinsville Road Group Code: 1120 Company Type:
 P.O. Box 830
 Liberty Corner, NJ 07938-0830 Group Name: Everest Re Group, State ID Number:
 Ltd.
 (908) 604-3000 ext. [Phone] FEIN Number: 22-2660372

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: The fee is \$100 for rate/rule filings.
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Everest National Insurance Company	\$100.00	06/25/2008	21085034

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	06/25/2008	06/25/2008

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Disposition

Disposition Date: 06/25/2008

Effective Date (New): 08/01/2008

Effective Date (Renewal): 08/01/2008

Status: Exempt from Review

Comment:

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

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Everest National Insurance Company	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Explanatory Memorandum	Accepted for Informational Purposes	Yes

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State: Arkansas

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State Tracking Number: EFT \$100

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Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Everest National Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Supporting Document Schedules

Satisfied -Name: Explanatory Memorandum

Review Status:

Accepted for Informational 06/25/2008
Purposes

Comments:

Attachment:

Rate Filing MEmorandum.pdf

Everest National Insurance Company

Rate & Rule Filing Memorandum

Countrywide

These rates and rules were developed in conjunction with The Hartford Steam Boiler Inspection and Insurance Company (HSB) that reinsures our Equipment Breakdown exposures 100%. As HSB reinsures our company 100% for this exposure, we do not have the loss data in sufficient detail necessary to develop rates. For this reason, HSB has provided us with the Loss and LAE components, and related Inspection and administrative expenses. This net cost is then grossed up to full rates by using a multiplier that covers Agents Commission, Taxes, and Everest National Insurance Company expenses and profit.

Property Damage Base Rates

The Loss information (exclusive of LAE) was derived by HSB using their extensive Boiler and Machinery claims database and relating their claim information to corresponding exposure value (Building and Contents). Unlike ISO's Loss Costs that do not vary by exposure size, HSB has determined that as exposure values increase, the needed loss content decreases, but not on a linear basis. The formula fitted to the data for loss content is of the type:

Loss Dollars = C1 / (RV^e), where **C1** = a constant and **e** = rating formula exponent to which the Rating (exposure) Value (**RV**) is raised.

Class codes that share similar risk characteristics and exposure to loss events were grouped (Exposure Groups) and analyzed together. The values for "C" and "e" vary by Exposure Group. Losses were aged and projected forward using appropriate Marshall and Swift Equipment Cost indices.

HSB Inspection percentages, by Exposure Group, were used in conjunction with an LAE and administrative loading derived from HSB data to create the loading applied to the losses to arrive at the net cost given to the Everest National Insurance Company.

The Everest National Insurance Company's multiplier was developed using the agents' commission, tax, company expenses and profit (including NII) components that total 35.0%.

The Everest National Insurance Company multiplier used to create Gross Rates in Table A equals $1/(1.000-0.35) = 1.538$.

Dividing the Base PD Premium by the 5.850 factor removes everything (including LAE) except the pure loss content that's used in the next step. After determining and adding specific dollar costs for Inspection, LAE and expected loss control activities, that dollar total is multiplied by the 2.056 factor to build back the other HSB and Everest National Insurance Company's expenses. The 2.056 is a composite of a factor supplied by HSB and Everest National Insurance Company's 1.538 factor.

Everest National Insurance Company

Rate & Rule Filing Memorandum

Countrywide

Equipment Modification

These factors were developed by HSB as part of their overall study of loss events. The concept is similar to ISO's "Coverage Modifiers" but provides more categories to allow a better match of price to true exposure.

Optional Deductibles

The deductible table is based upon many similar tables currently filed and used in the marketplace. We have added additional categories for use with larger risks.

Optional Sublimits

The base rates contemplate a \$25,000 sublimit for the various types of coverage noted. (Note: "Spoilage" coverage is a combination of ISO standard B&M coverages called Ammonia Contamination and Consequential Damage.) Instead of separate, more complex, algorithms, the charge for increasing these sublimited coverages are all factors of the Property Damage premium. The charge for increasing each of the sublimits has typically been kept small because most insureds request that all sublimits be increased to the same level, even if the exposure for some is minimal. This keeps the total charge for the increased sublimits more affordable.

Business Income (BI) and Extra Expense (EE) Coverage

This coverage is optional. The base rates are based upon ISO 1997 Loss Costs for representative groups. The BI/EE deductibles are based upon ISO except a single representative group is being used.

Service Interruption (SI) Coverage

This coverage is optional. The factor to include it is based upon a representative loading from the ISO Division Two rule for this coverage.

Risk Modification Factors

These are similar to the Risk Modifications in the ISO Division Two CLM except some individual categories are capped at a lower level (10% instead of ISO's 20%).

Note that IRPM or Schedule Rating Plans otherwise applicable to Division Five premiums DO NOT apply to the Equipment Breakdown premium.

Multi-Location Discount Factors

This table contains factors to recognize that there are progressive economies of scale for procuring, processing and servicing multi-location risks.

Package Credits

Equipment Breakdown premiums are not subject to any other CPP/BOP modification.