

SERFF Tracking Number: PERR-125673681 State: Arkansas  
 Filing Company: AXIS Insurance Company State Tracking Number: #? \$100  
 Company Tracking Number: AXIS-OL-AAAA-AR-08-01-R  
 TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability  
 Product Name: American Association of Advertising Agencies Purchasing Group  
 Project Name/Number: AXIS-OL-AAAA-AR-08-01-R/AXIS-OL-AAAA-AR-08-01-R

## Filing at a Glance

Company: AXIS Insurance Company  
 Product Name: American Association of Advertising Agencies Purchasing Group  
 TOI: 17.0 Other Liability - Claims Made/Occurrence  
 Sub-TOI: 17.0019 Professional Errors & Omissions Liability  
 Filing Type: Rate/Rule

SERFF Tr Num: PERR-125673681 State: Arkansas  
 SERFF Status: Closed State Tr Num: #? \$100  
 Co Tr Num: AXIS-OL-AAAA-AR-08-01-R State Status: Fees verified and received  
 Co Status: Reviewer(s): Betty Montesi, Edith Roberts  
 Authors: Faviola Jimenez, Laura Jennette Disposition Date: 06/10/2008  
 Date Submitted: 06/06/2008 Disposition Status: Filed

Effective Date Requested (New): 07/09/2008 Effective Date (New):  
 Effective Date Requested (Renewal): Effective Date (Renewal):  
 State Filing Description:

## General Information

Project Name: AXIS-OL-AAAA-AR-08-01-R Status of Filing in Domicile: Pending  
 Project Number: AXIS-OL-AAAA-AR-08-01-R Domicile Status Comments:  
 Reference Organization: Reference Number:  
 Reference Title: Advisory Org. Circular:  
 Filing Status Changed: 06/10/2008  
 State Status Changed: 06/10/2008 Deemer Date:  
 Corresponding Filing Tracking Number: AXIS-OL-AAAA-AR-08-01-F  
 Filing Description:  
 With this filing, AXIS Insurance Company ("the Company") is submitting its newly developed independent rates for the American Association of Advertising Agencies (AAAA) Multimedia Liability Program. This filing is the initial submission of this program for the Company. The program provides errors & omissions insurance coverages, and offers a variety of coverage options to members of the AAAA, which is also a registered Risk Purchasing Group. Please refer to the

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enclosed explanatory memorandum for additional details.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the rates and rules contained in this filing along with the explanatory memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company's response will be submitted to your attention as soon as we receive it.

We respectfully request that this filing become effective on July 9, 2008.

Please do not hesitate to contact us with any questions or comments.

## Company and Contact

### Filing Contact Information

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

Laura Jennette, State Filings Analyst doi@perrknight.com  
 881 Alma Real Drive Suite 205 (310) 230-9339 [Phone]  
 Pacific Palisades, CA 90272

### Filing Company Information

AXIS Insurance Company	CoCode: 37273	State of Domicile: Illinois
11680 Great Oaks Way	Group Code: 3416	Company Type:
Ste. 500		
Alpharetta, GA 30022	Group Name: AXIS Specialty	State ID Number:
	Limited	
(678) 746-9423 ext. [Phone]	FEIN Number: 39-1338397	
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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No

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Liability  
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Fee Explanation: AR filing fee is \$100 for rate/rule submission  
Per Company: No



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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	06/10/2008	06/10/2008

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## Disposition

Disposition Date: 06/10/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment: Rate and Rules are complying with AID Order 2007-046 for defense within limits.

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:
AXIS 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	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Supporting Documentation	Filed	Yes
Rate	American Association of Advertising Agencies (AAAA) Purchasing Group Rating Plan (4.2008)	Filed	Yes
Rate	Manual Rule Page - Arkansas	Filed	Yes

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**Rate Information**

Rate data applies to filing.

**Filing Method:** Prior Approval  
**Rate Change Type:** Neutral  
**Overall Percentage of Last Rate Revision:** 0.000%  
**Effective Date of Last Rate Revision:**  
**Filing Method of Last Filing:** N/A, new program

**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):
AXIS Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	American Association of Advertising Agencies (AAAA) Purchasing Group Rating Plan (4.2008)	AAAA-RPG RATE MANUAL_4A(1) 4.08 (Pages 1 through 6)	New	AAAA_RPG RATE PLAN_4A(1)_4.08.pdf
Filed	Manual Rule Page - Arkansas	MRP-AR (3-08)	New	MRP-AR (3-08)FA.pdf

# AMERICAN ASSOCIATION OF ADVERTISING AGENCIES (AAAA) - PURCHASING GROUP RATING PLAN (4.2008)

## I. GENERAL INSTRUCTIONS

These pages contain rules and rates for writing the American Association of Advertising Agencies (AAAA) purchasing group policy.

### A. PREMIUM COMPUTATION

1. Basic rates are for limits of \$100,000 for each annual policy period and a \$5,000 Self-Insured Retention.
2. Premiums are computed at the annual rates in effect at policy inception and at subsequent anniversaries of the policy.
3. The rates in this manual are for a policy that covers claim expense in addition to the policy limit. A claim expense factor of .90 will be applied for a Claim Expense Within Limit (CEWL) policy, if applicable.
4. The minimum policy premium is \$1,500.
5. The policy premium is computed as follows:
  - a. Calculate the basic limits premium using the rate table found in Section II.
  - b. Multiply the basic limits premium by the following factors, if applicable:
    - 1) .90 for a Claim Expense Within the Limit (CEWL) policy
    - 2) .55 for a damages only policy (Defense Costs Excluded)Result is the basic limits unmodified premium.
  - c. Multiply the basic limits unmodified premium by (1 + sum of Risk Characteristic(s)). Result is the basic limits modified premium.
  - d. Multiply the basic limits modified premium by (1 + sum of Optional Coverage(s)). Result is the basic limits modified premium with Optional Coverage(s).
  - e. Multiply the basic limits modified premium with Optional Coverage(s) by (1 + sum of Scheduled Debits and Credits). Result is the basic limits modified premium with Optional Coverage(s) and Scheduled Debits and Credits.
  - f. Multiply the basic limits modified premium with Optional Coverage(s) and Scheduled Debits and Credits by the Increased Limit Factor and the Self-Insured Retention factor.

Result is the final annual premium.

### B. POLICY LIMIT

1. The minimum policy limit is \$100,000.
2. Increased policy limit will be offered at the discretion of the Company in accordance with the Increased Limit Table.
3. The rates in this guide are for a policy that has an aggregate limit. For removal of the aggregate limit, apply a factor of 1.25 to the coverage premium.

### C. SELF-INSURED RETENTION

1. The minimum Self-Insured Retention (SIR) is \$5,000.
2. Increased SIRs will be offered at the discretion of the Company in accordance with the Increased SIR Table.

D. SHORT TERM PREMIUM CALCULATIONS

1. Pro-rate all changes requiring additional or return premium.
2. Waive any additional premium of \$100 or less.
3. Waive any return premium of \$15 or less. Grant any return premium due if requested by the insured.

E. CLAIM FREE CREDIT CALCULATIONS

The following rules govern the Claim Free Credit for members of the American Association of Advertising Agencies Liability Insurance Purchasing Group Plan:

1. "Claim Free" applies to one or a continuous series of claim free twelve-month policy periods.
2. For purposes of the Claim Free Credit, a claim shall mean a claim or claims that are reserved for or paid in amounts equal to or greater than the amounts listed below in Table I. The amount of the claim includes damages and claim expense and is in excess of the applicable Self-Insured Retention.

Table I

<u>Expiring Year's Policy Premium</u>	<u>Claim(s) in Excess of the SIR and Equal to or in</u> <u>Excess of:</u>
Minimum to \$25,000	\$5,000
\$25,001 to \$40,000	\$6,000
\$40,001 to \$60,000	\$7,000
\$60,001 to \$80,000	\$8,000
\$80,001 to \$100,000	\$10,000
\$100,001 to \$150,000	\$15,000
\$150,001 to \$200,000	\$20,000
\$200,001 to \$300,000	\$30,000
\$300,001 to \$400,000	\$40,000
\$400,001 to \$500,000	\$50,000
\$500,001 to \$600,000	\$60,000
\$600,001 and above	\$75,000

3. The Claim Free Credit shall be applied at the insured's first renewal in the AAAA Purchasing Group Plan. It shall then be applied annually at a rate of 5% per year, subject to a maximum of 25%, as follows:

Table II

<u>Year</u>	<u>Credit</u>
First Anniversary	5%
Second Anniversary	10%
Third Anniversary	15%
Fourth Anniversary	20%
Fifth Anniversary and thereafter	25% ( <b>MAXIMUM</b> )

4. Once a claim occurs with incurred losses greater than the maximum shown in Table I, the insured loses all credits and starts over at the 5% level at their next renewal, assuming no other claims arise.
5. If a claim reserve is reduced below the amount stated in Table I, the Claim Free Credit will be recalculated retroactively, provided additional claims are not reported in other applicable policy periods.
6. If a claim reserve is increased equal to or greater than the amount stated in Table I, the Claim Free Credit will be terminated on the renewal date of the policy in effect when the reserve was increased above the Claim Free amount.
7. The Claim Free Credit will only be available in those states that permit the application of such discounts.

II. RATE TABLE

A. Basic limit rates:

<u>Billings</u>		<u>Basic Rate</u>
\$ 1 to	\$ 1,000,000	\$ 1,195
1,000,001 to	2,000,000	1,425
2,000,001 to	3,000,000	1,660
3,000,001 to	4,000,000	1,890
4,000,001 to	5,000,000	2,125
		<u>Rate Per Each Additional Million</u>
\$ 5,000,001 to	\$ 50,000,000	\$ 153
50,000,001 to	100,000,000	94
100,000,001 to	150,000,000	69
150,000,001 to	200,000,000	50
200,000,001 to	250,000,000	41
250,000,001 to	300,000,000	37
300,000,001 to	400,000,000	33
400,000,001 to	500,000,000	30
500,000,001 to	600,000,000	27
600,000,001 to	700,000,000	24
700,000,001 to	800,000,000	22
800,000,001 to	900,000,000	20
900,000,001 to	1,000,000,000	18
1,000,000,001 +		16

B. Agencies developing advertising in more than one medium or with website/Internet exposure may be rated using revenues.

<u>Revenues</u>		<u>Base Premium Calculation</u>								
\$ 1 to	\$2,500,000	\$ 0	+	1.6733	times	\$1,000	of	revenues	over	\$1
2,500,001	5,000,000	4,183	+	1.4859	times	\$1,000	of	revenues	over	\$2,500,000
5,000,001	7,500,000	7,898	+	1.3659	times	\$1,000	of	revenues	over	\$5,000,000
7,500,001	10,000,000	11,313	+	1.2721	times	\$1,000	of	revenues	over	\$7,500,000
10,000,001	15,000,000	14,493	+	.7812	times	\$1,000	of	revenues	over	\$10,000,000
15,000,001	20,000,000	18,399	+	.7919	times	\$1,000	of	revenues	over	\$15,000,000
20,000,001	30,000,000	22,358	+	.5402	times	\$1,000	of	revenues	over	\$20,000,000
30,000,001	40,000,000	27,760	+	.4529	times	\$1,000	of	revenues	over	\$30,000,000
40,000,001	50,000,000	32,289	+	.4238	times	\$1,000	of	revenues	over	\$40,000,000
50,000,001	75,000,000	36,526	+	.4020	times	\$1,000	of	revenues	over	\$50,000,000
75,000,001	100,000,000	46,575	+	.3705	times	\$1,000	of	revenues	over	\$75,000,000
100,000,001	150,000,000	55,837	+	.3248	times	\$1,000	of	revenues	over	\$100,000,000
150,000,001	200,000,000	72,078	+	.2970	times	\$1,000	of	revenues	over	\$150,000,000
200,000,001	250,000,000	86,927	+	.2768	times	\$1,000	of	revenues	over	\$200,000,000
250,000,001	300,000,000	100,765	+	.2300	times	\$1,000	of	revenues	over	\$250,000,000
300,000,001	350,000,000	112,266	+	.1133	times	\$1,000	of	revenues	over	\$300,000,000
350,000,001	400,000,000	117,929	+	.0735	times	\$1,000	of	revenues	over	\$350,000,000
400,000,001	450,000,000	121,603	+	.0528	times	\$1,000	of	revenues	over	\$400,000,000
450,000,001	500,000,000	124,244	+	.0445	times	\$1,000	of	revenues	over	\$450,000,000
Over	500,000,000	(a) Rated								

### III. RISK CHARACTERISTICS

<b>FACTOR</b>		<b>FACTOR</b>
-15%	AAAA membership	
0% to - 50%	Clearance procedures – written and formalized/ no written and formalized clearance procedures	0% to 50%
0% to - 50%	Client reviews media and signs-off/ client does not review media nor sign-off	0% to 50%
0% to - 50%	Comparative advertising campaigns	0% to 50%
0% to - 50%	Copyright and trademark – below average exposure/ above average exposure	0% to 50%
0% to - 50%	Defamation and privacy – below average exposure/ above average exposure	0% to 50%
0% to - 50%	Direct mail services	0% to 50%
0% to - 50%	Duplication of content	
0% to - 50%	Errors & Omissions – below average exposure/ above average exposure	0% to 50%
0% to - 50%	Established business (3+ years) / new venture (less than 3 years)	0% to 50%
0% to - 25%	Favorable claim experience/unfavorable claim experience	0% to 50%
0% to - 50%	Hold harmless and indemnity agreements contained in contracts/ no hold harmless or indemnity agreements in contracts	0% to 50%
0% to - 50%	International media exposure	0% to 50%
0% to - 50%	Law firm on retainer/ law firm not on retainer	0% to 50%
0% to - 50%	Legal department in-house/ no in-house legal department	0% to 50%
0% to - 50%	Legal review of media prior to distribution/ no legal review of media prior to distribution	0% to 50%
0% to - 50%	Legal vetting procedures – written and formalized/ no written and formalized legal vetting procedures	0% to 50%
0% to - 50%	Local media exposure	
0% to - 50%	Market research services	0% to 50%
0% to - 50%	Multiple exposures insured under one policy	
	National media exposure	0% to 50%
	Non-English language media	0% to 50%
	Printing services or assumes liability for printing	0% to 50%
	Product testing services	0% to 50%
	Public Relations services	0% to 50%
	Regional media exposure	0% to 50%
0% to - 50%	Statewide media exposure	

IV. OPTIONAL COVERAGES

<u>FACTOR</u>	<u>OPTIONAL COVERAGE</u>	<u>FACTOR</u>
	Additional Insured Endorsement	0% to 10%
	Additional Insured Endorsement-Matter Furnished by the Additional Insured	0% to 10%
	Business Operations and Personal Injury	0% to 50%
0% to -40%	Errors & Omissions Coverage Deleted	
0% to -25%	Errors & Omissions Standard Coverage	
0% to -10%	Independent Contractors Deleted from Definition of Insured	
0% to -25%	Mitigation Expense Coverage Deleted	
	Cyber and Technology Errors & Omissions	0% to 25%
0% to -10%	Named Peril Coverage	
	Prior Acts Endorsement	0% to 30%
		Full Prior Acts: (a) rated
	Professional Services Errors & Omissions Coverage	0% to 25%
0% to -25%	Trademark Deleted	
0% to -25%	Trademark and Errors & Omissions Deleted	
	Unauthorized Access Endorsement	0% to 25%

V. SCHEDULE OF DEBITS AND CREDITS

<u>CREDIT</u>		<u>DEBIT</u>
0% to -50%	Experienced/Inexperienced Law Firm	0% to 50%
0% to -50%	Experienced/Inexperienced Management and Staff	0% to 50%
0% to -50%	Favorable legal jurisdiction (AL, AZ, AR, CO, CT, DE, DC, GA, ID, IL, IN, IA, KS, KY, ME, MD, MS, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OR, RI, SD, TN, UT, VT, WA, WV, WI, WY)	
0% to -50%	Innocuous/Controversial Content	0% to 50%
0% to -50%	Stable/Weak Financial Condition	0% to 50%
	Unfavorable legal jurisdiction (AK, CA, FL, HI, LA, MI, NY, OK, PA, SC, TX, VA)	0% to 50%

VI. TABLES

A. INCREASED LIMIT TABLE

1. Apply one of the following factors to increase the basic limit of \$100,000.

<u>Limit</u>	<u>Factor</u>
\$ 250,000	1.40
300,000	1.50
500,000	1.70
1,000,000	2.25

2. a. To increase the limit in excess of \$1,000,000 apply the appropriate factor below to the \$1,000,000 limit premium.

<u>Limit</u>	<u>Factor</u>
\$ 2,000,000	1.50
3,000,000	1.70
4,000,000	1.85
5,000,000	2.00

- b. Split Limit

- (1) To increase the limit in excess of \$1,000,000 apply the appropriate factor below to the \$1,000,000 limit premium:

<u>Limit</u> <u>Each Claim/Annual Aggregate</u>	<u>Factor</u>
\$ 1,000,000 / 2,000,000	1.25
1,000,000 / 3,000,000	1.35
1,000,000 / 5,000,000	1.55
2,000,000 / 5,000,000	1.80
3,000,000 / 5,000,000	1.90
3,000,000 / 6,000,000	1.95
5,000,000 / 10,000,000	2.40

3. To increase the limit in excess of \$5,000,000 apply the appropriate factor below to the \$5,000,000 limit premium.

<u>Limit</u>	<u>Low Risk</u>	<u>Medium Risk</u>	<u>High Risk</u>
\$ 6,000,000	1.10	1.15	1.20
7,000,000	1.15	1.25	1.30
8,000,000	1.20	1.30	1.40
9,000,000	1.25	1.35	1.50
10,000,000	1.30	1.45	1.65

B. INCREASED SELF-INSURED RETENTION TABLE

1. Apply the appropriate factor below to adopt an SIR other than the minimum SIR for the coverage class.

<u>Minimum SIR</u>	<u>\$5,000</u>	<u>\$10,000</u>	<u>\$15,000</u>	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$75,000</u>	<u>\$100,000</u>	<u>\$100,000 +</u>
\$5,000	1.00	.85	.75	.65	.50	.45	.40	(a) Rated

## MANUAL RULE PAGE

### ARKANSAS

#### **FA(1) Rate Manual for American Association of Advertising Agencies (AAAA) - Purchasing Group AXIS Insurance Company**

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The following rule supersedes the information contained in item I.B.1. of the American Association of Advertising Agencies (AAAA) - Purchasing Group Rating Plan FA(1) (4.08):

Policies written for Arkansas Insureds either as Claim Expense in Addition to the Limit or as Claim Expense Within the Limit will have a minimum limit requirement of \$1,000,000.

#### **Insured Consent for Claim Expense Within the Limit Policy:**

All CEWL (Claim Expense Within the Limit) policies written for Arkansas Insureds must have the mandatory form FAAR-03 (3-08), Arkansas Consent Agreement (CEWL) signed and returned by the Insured prior to binding coverage.

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## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 06/10/2008

**Comments:**

**Attachment:**

2007 NAIC RRFS.pdf

**Bypassed -Name:** NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 06/10/2008

**Bypass Reason:** N/A

**Comments:**

**Bypassed -Name:** NAIC loss cost data entry document **Review Status:** Filed 06/10/2008

**Bypass Reason:** N/A

**Comments:**

**Satisfied -Name:** Supporting Documentation **Review Status:** Filed 06/10/2008

**Comments:**

- Exhibits
- Filing Memorandum
- Letter of Authorization

**Attachments:**

AIC Expense Worksheet - Media Pro AAAA 5-22-08.pdf  
 AIC AAAA Filing Memorandum - Rate.pdf  
 P&K Authorization Letter - AIC.pdf

**RATE/RULE FILING SCHEDULE**

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

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

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		<b>AXIS-OL-AAAA-AR-08-01-R</b>				
<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)		<b>AXIS-OL-AAAA-AR-08-01-F</b>				
	<input type="checkbox"/> Rate Increase		<input type="checkbox"/> Rate Decrease		<input checked="" type="checkbox"/> Rate Neutral (0%)		
<b>3.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>		<b>Prior Approval</b>				
<b>4a.</b>	<b>Rate Change by Company (As Proposed)</b>						
<b>Company Name</b>	<b>Overall % Indicated Change (when applicable)</b>	<b>Overall % Rate Impact</b>	<b>Written premium change for this program</b>	<b># of policyholders affected for this program</b>	<b>Written premium for this program</b>	<b>Maximum % Change (where required)</b>	<b>Minimum % Change (where required)</b>
<b>AXIS Insurance Company</b>	0	0	0	0	0	0	0
<b>4b.</b>	<b>Rate Change by Company (As Accepted) For State Use Only</b>						
<b>Company Name</b>	<b>Overall % Indicated Change (when applicable)</b>	<b>Overall % Rate Impact</b>	<b>Written premium change for this program</b>	<b># of policyholders affected for this program</b>	<b>Written premium for this program</b>	<b>Maximum % Change (where required)</b>	<b>Minimum % Change (where required)</b>
<b>Overall Rate Information (Complete for Multiple Company Filings only)</b>							
					<b>COMPANY USE</b>	<b>STATE USE</b>	
<b>5a.</b>	<b>Overall percentage rate indication (when applicable)</b>						
<b>5b.</b>	<b>Overall percentage rate impact for this filing</b>						
<b>5c.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>						
<b>5d.</b>	<b>Effect of Rate Filing – Number of policyholders affected</b>						
<b>6.</b>	<b>Overall percentage of last rate revision</b>			<b>N/A, new program</b>			
<b>7.</b>	<b>Effective Date of last rate revision</b>			<b>N/A, new program</b>			
<b>8.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>			<b>N/A, new program</b>			
<b>9.</b>	<b>Rule # or Page # Submitted for Review</b>		<b>Replacement or Withdrawn?</b>			<b>Previous state filing number, if required by state</b>	
01	American Association of Advertising Agencies (AAAA) Purchasing Group Rating Plan (4.2008) AAAA-RPG RATE MANUAL_4A(1) 4.08 (Pages 1 through 6)		<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				
02	Manual Rule Page – Arkansas MRP-AR (3-08)		<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				

**AXIS Insurance Company  
AAAA Program**

**(Assumes Expense Costs include all LAE)**

<u>Expense Component</u> (1)	<u>Industry</u> (2)	<u>Co. Selected</u> (3)
Commission	12.7%	15.0%
Taxes, Licenses, and Fees	1.7%	2.0%
Other Acquisition	4.3%	6.0%
General Expense	4.3%	6.0%
Underwriting Profit & Contingencies ( b )		5.0%
Total		34.0%
Expected Loss (a)		66.0%

(2) uses data from Best's Aggregates & Averages - Property Casualty 2006  
Part III of the IEE pages 355 and 356 (line 17 Other Liability)

(3) selected by AXIS (based on corporate projections)

(a) 1.00 - total of expenses

( b ) Exhibit A

**AXIS Insurance Company**  
All Lines

Exhibit A

**Profit and Contingencies**

Year	Industry NPW	Industry YE Surplus	P/S	Industry ROE
2001	333,988	298,775	1.118	-7.7%
2002	383,301	293,794	1.305	-5.2%
2003	420,116	356,656	1.178	17.8%
2004	438,695	402,405	1.090	13.9%
2005	437,709	438,730	0.998	10.3%
	2,013,809	1,790,360	1.125	7.1%
X Hi Lo			1.129	6.3%
Company Planned			1.2	
Selected			1.2	9.0%
Target Return on Premium (a)				7.5%
Invest Income as % of Premium (b)				3.2%
Indicated Profit & Contingencies (post tax) ( c )				4.3%
Indicated Profit & Contingencies (pre tax) (d)				6.6%
Selected Profit & Contingencies				5.0%

Premium, Surplus and ROE data from Bests' Aggregates and Averages (2006) page 88

(a) (selected ROE)/(P/S)

(b) Exhibit B

( c ) (a) - (b)

(d) assumes a tax rate of 35%

**Rate of Return**

Unearned Premiums

UEPR @ 12/31/05	27,152,782	Bests' 2006 A&A ASLOB 17 page 355 selected
2005 growth estimate	3.0%	
UEPR @ 12/31/04 estimate	26,361,924	
Average UEP	26,757,353	= (a)

Prepaid Expense

Commission	12.7%	Bests' 2006 A&A ASLOB 17 page 356
TLF	1.7%	Bests' 2006 A&A ASLOB 17 page 356
50% Other Acq.	2.2%	Bests' 2006 A&A ASLOB 17 page 356
50% GE	2.2%	Bests' 2006 A&A ASLOB 17 page 356
Total	18.7%	= (b)

Deduction for Federal Taxes 7.0% = ( c ) : 20% x 35%

UEP not Sub. to investment 6,881,816 (a)x((b)+( c )) = (d)  
UEP subject to investment 19,875,537 = (a) - (d)

Agents Balances

DEP	52,387,081	Bests' 2006 A&A ASLOB 17 page 355
Agents Balances	9,160,341	Bests' 2006 A&A ASLOB 17 page 355

Loss Reserve

DEP	52,387,081	
Incurred Loss	33,712,883	Bests' 2006 A&A ASLOB 17 page 355
2005 P 2H Sect. 2 (Incurred)	9,835,836	Bests' 2006 A&A 2005 AY page 200 (e) - Claims Made Only
2005 P 3H Sect. 2 (Paid)	437,151	Bests' 2006 A&A 2005 AY page 205 (f) - Claims Made Only
Mean Loss Reserve %	95.6%	1.00 -((f)/(e)) = (g)
Mean Loss Reserves	32,214,523	Incurred loss x (g) = (h)

Surplus

P/S	1.2	
Invested Surplus	43,655,901	DEP/((P/S))
Invested Assets	86,585,621	UEPSI+AB+MLR+IS = (i)
ROR on Investment	3.0%	estimated given current short term interest rate environment (j)
Investment Earnings	2,597,569	(j) x (i) = (k) = IE
ROR on Premium	5.0%	IE/DEP = (l)
ROR after FIT	3.2%	(l) x 0.65 assumes 35% tax

# **AXIS INSURANCE COMPANY**

## **EXPLANATORY MEMORANDUM**

### **American Association of Advertising Agencies (AAAA) Multimedia Liability Program RATES**

With this filing, AXIS Insurance Company is submitting its newly developed independent rates for the American Association of Advertising Agencies (AAAA) Multimedia Liability Program. This filing is the initial submission of this program for AXIS Insurance Company. The program provides errors & omissions insurance coverages, and offers a variety of coverage options to members of the AAAA, which is also a registered Risk Purchasing Group.

The proposed rates for the program have been determined judgmentally based upon the expertise and knowledge of AXIS/MediaPro underwriters and an analysis of a similar program offered by leading competitor National Casualty Company. In that the competing National Casualty program has not been revised or updated since its original filing in 1993, certain revisions and adjustments have been made by AXIS to reflect the impact of trend, market changes, and coverage enhancements incorporated by AXIS into the policy forms.

Changes to the competitor rating plan include:

- Reflection of "all risk" versus named peril coverage agreement.
- Reflection of E&O Broad Form coverage built into the policy.
- Reflection of Mitigation Expense Cost coverage built into the policy.
- AXIS base rates contemplate a base SIR of \$5,000.
- Updated base rates to reflect coverage enhancements and trend since 1993.
- Simplified SIR Table.
- Enhanced rule pages to reflect various coverage enhancements and to add clarity to the premium computation section.
- Incorporation of Schedule of Debits & Credits section into the rule pages.

Since there are no current policyholders for AXIS Insurance Company, there is no overall rate impact associated with this filing. The expected loss, expense, LAE, and ULAE ratios have been determined judgmentally. The rate of investment income and various expense components have been developed using industry data from A.M. Bests Aggregates and Averages, with a view to the limited amount of information publicly available regarding similar programs. AXIS considers the proposed rating structure to be neither excessive or inadequate, nor unfairly discriminatory.



May 15, 2008

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, and form filings on behalf of AXIS Insurance Company. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight at the following address:

State Filings Department  
Perr&Knight  
881 Alma Real Drive, Suite 205  
Pacific Palisades, CA 90272  
Phone: (310) 230-9339  
Fax: (310) 230-8529

Please contact me if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in cursive script that reads "Dave Clark".

Dave Clark, CPCU, ARe  
Vice President  
Underwriting Compliance  
Telephone: 678-746-9423  
Fax: 678-746-9317  
[Dave.Clark@axiscapital.com](mailto:Dave.Clark@axiscapital.com)