

SERFF Tracking Number: SCTT-125676127 State: Arkansas
 Filing Company: Scottsdale Indemnity Company State Tracking Number: EFT \$100
 Company Tracking Number: EK AR04091ICR01
 TOI: 05.0 Commercial Multi-Peril - Liability & Non- Sub-TOI: 05.0000 CMP Sub-TOI Combinations
 Liability
 Product Name: Business and Management Indemnity Program
 Project Name/Number: 4091 Business and Management Indemnity Program/EK AR04091ICR01

Filing at a Glance

Company: Scottsdale Indemnity Company
 Product Name: Business and Management Indemnity Program SERFF Tr Num: SCTT-125676127 State: Arkansas
 TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability SERFF Status: Closed State Tr Num: EFT \$100
 Sub-TOI: 05.0000 CMP Sub-TOI Combinations Co Tr Num: EK AR04091ICR01 State Status: Fees verified and received
 Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins
 Author: Kristin Abbott Disposition Date: 06/10/2008
 Date Submitted: 06/02/2008 Disposition Status: Exempt from Review
 Effective Date Requested (New): On Approval Effective Date (New): 06/10/2008
 Effective Date Requested (Renewal): On Approval Effective Date (Renewal): 06/10/2008

State Filing Description:

General Information

Project Name: 4091 Business and Management Indemnity Program Status of Filing in Domicile: Pending
 Project Number: EK AR04091ICR01 Domicile Status Comments:
 Reference Organization: n/a Reference Number: n/a
 Reference Title: n/a Advisory Org. Circular: n/a
 Filing Status Changed: 06/10/2008
 State Status Changed: 06/10/2008 Deemer Date:
 Corresponding Filing Tracking Number:
 Filing Description:
 Scottsdale Indemnity Company is filing a new Business and Management (BAM) Insurance program for Privately-held Organizations. This program is intended to provide coverage for Directors and Officers Liability, Employment Practices Liability, Fiduciary Liability and Crime. We request an effective date concurrent with your Department's approval.

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As Scottsdale Indemnity Company does not currently write this coverage, we are filing the rates, rules and forms as filed by Westchester Fire Insurance Company. The rates, rules and forms are identical to those filed by Westchester with the exception of removing reference to their Company's form numbers and any Company names and numbering convention.

Please refer to the attached manual pages for further explanation for this product.

Company and Contact

Filing Contact Information

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 Scottsdale, AZ 85261
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Filing Company Information

Scottsdale Indemnity Company
 PO Box 4110
 Scottsdale, AZ 85261
 (800) 423-7675 ext. [Phone]
 CoCode: 15580
 Group Code: 140
 Group Name:
 FEIN Number: 31-1117969
 State of Domicile: Ohio
 Company Type:
 State ID Number:

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? No
 Fee Explanation: Rate/Rule Filing - \$100.00
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Scottsdale Indemnity Company	\$100.00	06/02/2008	20621102

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	06/10/2008	06/10/2008

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Liability
Product Name: Business and Management Indemnity Program
Project Name/Number: 4091 Business and Management Indemnity Program/EK AR04091ICR01

Disposition

Disposition Date: 06/10/2008

Effective Date (New): 06/10/2008

Effective Date (Renewal): 06/10/2008

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 rates/rules filing and review requirements.

Rate data does NOT apply to filing.

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 Filing Company: Scottsdale Indemnity Company State Tracking Number: EFT \$100
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 Liability
 Product Name: Business and Management Indemnity Program
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Cover Letter	Accepted for Informational Purposes	Yes
Rate	Countrywide Rating Plan	Accepted for Informational Purposes	Yes
Rate	Countrywide General Rules	Accepted for Informational Purposes	Yes
Rate	Exception pages for Non-Profit	Accepted for Informational Purposes	Yes

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Rate Information

Rate data does NOT apply to filing.

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Accepted for Informational Purposes	Countrywide Rating Plan	I-EK-R-CW (4-08)	New	I-EK-R-CW 4-08.pdf
Accepted for Informational Purposes	Countrywide General Rules	I-EK-GR-CW (4-08)	New	I-EK-GR-CW 4-08.pdf
Accepted for Informational Purposes	Exception pages for Non-Profit	I-EK-R-CW-NP (4-08)	New	I-EK-R-CW-NP 4-08.pdf

**SCOTTSDALE INDEMNITY COMPANY
BUSINESS AND MANAGEMENT INDEMNITY PROGRAM
COUNTRYWIDE RATING PLAN**

Business and Management (BAM) Rating Plan applicable to the following Coverage Sections of the BAM Management Liability Package Product for Privately-held Organizations:

Directors and Officers and Company Coverage Section
Employment Practices Coverage Section
Fiduciary Coverage Section
Crime Coverage Section

Management Liability policies are purchased to provide Limits of Liability to protect the personal assets of the members of an entity's board of directors, senior executive officers, management committees, employees, administrators as well as the business assets of an organization. Pricing is driven by the potential for severe losses, the long tail nature of the coverage and the inherent volatility of results.

This Rating Plan is a guide and is intended to address the most commonly written coverages and classes of business.

This Program will be offered to Private Companies that have no more than \$250,000,000 in total assets. Coverage for Employment Practices Liability will be limited to Private Companies with 500 or fewer employees.

Due to the catastrophic nature of several of the Coverage Sections, the lack of actuarially credible data for the industry as a whole, much less any single carrier, and the variability of coverage, the underwriter is called upon to exercise judgment pricing where appropriate. With proper factual documentation and reasoning, individual risk hazards may be changed to reflect the actual risk hazards on a particular risk that is different from the usual exposures contemplated in this Rating Plan. It is expected that good judgment will be exercised in identifying the risk hazards peculiar to applicable risks with full and clear file documentation for the underwriting reasoning used.

This Rating Plan does not contemplate any substantial shift in trends involving legal environment, loss severity or newly emerging exposures not previously contemplated in the pricing of the risk or in the pricing of the underlying layers. In the event that the Company either experiences or witnesses such a shift in trends, the file shall be clearly documented to reflect the increased exposure detailing trend observations and judgment pricing shall be utilized.

These guidelines are to be used for All Risks which are NOT eligible for individual risk rating.

The Rating Plan calls for steps to be followed for each of the Coverage Sections for which coverage has been applied. The BAM product has been structured so that an applicant can have the choice to purchase one or more of any combination of Coverage Sections. Each Coverage section is underwritten individually and may be offered using separate limits of liability for each Coverage Section, using a single limit of liability among coverage sections or using a combination of separate and combined limits of liability among the Coverage Sections.

The following are the rating steps for each Coverage Section.

Directors & Officers and Company Coverage Section

Step 1:

Select the base premium from the chart, depending upon the total asset size of the organization and where within the asset grouping the particular organization falls. The base rate is a median number developed from the average of the two ends of the asset range spectrum. The base rate may be extrapolated upward or downward based on the actual asset size. Base rate is for an initial limit of liability of \$1,000,000.

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<u>Asset Range</u>	<u>Base Rate</u>
0 - 5,000,000	2,000
5,000,001 - 25,000,000	3,000
25,000,001 - 100,000,000	4,500
100,000,001 - \$250,000,000	7,500
Over 250,000,000	10,000 +1000 per 10,000,000 in assets above 250,000,000

Step 2:

Apply the base retention from the chart, depending on the total asset size of the organization and where within the asset grouping the particular organization falls.

<u>Asset Range</u>	<u>Base Retention</u>
0 - 5,000,000	2,500
5,000,001 - 25,000,000	5,000
25,000,001 - 100,000,000	10,000
100,000,001 - \$250,000,000	15,000
Over 250,000,000	25,000 + up to 25,000 per 250,000,000 additional assets over 250,000,000

In the event more than one other coverage section is purchased along with this coverage section, the above base retention may be reduced to 0.

The above retentions may be stepped upward by applying a credit to the total premium for this coverage section. The amount of premium credit applicable is dependent on all underwriting factors and risks inherent in the particular account.

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

Based upon information in the underwriting file, apply all relevant factors to the premium derived in Step 3. Factors fully considered elsewhere should not be given additional credits/debits here.

<u>ITEMS</u>	<u>FACTORS</u>
Domicile within the state	0.80 to 1.60
Nature of Operations	0.80 to 1.75
More than 3 Years in business	0.80 to 1.00
Less than 3 Years in business	1.00 to 1.30
More than 3 Subsidiaries	1.00 to 1.30
Less than 3 Subsidiaries	0.80 to 1.00
Merger, Acquisition or Divestiture in last 18 mo.	0.80 to 1.30
Merger, Acquisition or Divestiture in next 18 mo.	0.80 to 1.30
Management Ownership greater than 50%	0.80 to 1.00
Management Ownership less than 50%	1.00 to 1.30
Actual or attempted securities offering in last 18 mo.	0.80 to 1.30
Actual or attempted securities offering in next 18 mo.	0.80 to 1.30
Contemplated public offering of securities in next 18 mo.	0.80 to 1.30
Litigation: Current or within 1 year	1.00 to 1.50
Litigation: Within 1-5 years	1.00 to 1.30
Litigation: Within 5-10 years	0.90 to 1.30
Litigation: No Information in File	1.00
Other Litigation	1.00 to 1.25
Significant Transactional Event	0.75 to 1.25

Extremely severe or significant litigation or transactional event >25% debit/credit (Note: this debit or credit should be only occasionally used and then significant additional documentation beyond that normally required is necessary to explain this type of large credit or debit. Examples of this debit or credit would be a sale of the

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company transaction or company-threatening mass tort litigation, filing of bankruptcy or other “once in a lifetime” kind event)

Step 4:

Based upon information in the underwriting file, apply the appropriate Balance Sheet, Income Statement, Cash Flow Statement (if any), Change in Conditions Statement (if any), Operations or Industry Specific Ratio (specify ratio) and Extraordinary Items or Financial Notes factors.

BALANCE SHEET FACTORS
INCOME STATEMENT FACTORS
CASH FLOW FACTORS
CHANGE IN CONDITIONS FACTORS
OPERATIONS OR COMPANY/INDUSTRY SPECIFIC FACTORS
EXTRAORDINARY ITEMS OR FINANCIAL NOTES FACTORS

For each of the above, apply one of the following provisions:

5% to 25% debit:	Financial items fail to meet industry standards or last year’s results
5% to 25% credit:	Financial items exceeds industry standards or last year’s results
No debit/credit:	No financial item significantly exceeds or fails to exceed industry standard or last year’s results looking at the financial statement as a whole.

Procedural note on Step 4: There are a total of six possible credits or debits on this step.

Step 5: Significant Terms and Conditions

Apply the Significant Terms and Conditions Factor in accordance with the premium level derived.

5% to 25% credit:	At least one restrictive endorsement
5% to 25% debit:	At least one expansive endorsement
>25% credit/debit:	At least one very restrictive or expansive endorsement (Note: additional documentation beyond that normally required is necessary to explain this type of large credit or debit).

Step 6: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
0 to 180 days	50 to 75%
180 days to 1 Year	50 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 7: Run-Off Coverage

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
1 Year	100 to 150%
2 Year	105 to 175%
3 Year	115 to 150%
4 Year	120 to 175%
5 Year	122 to 185%
6 Year	125 to 250%

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The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 8: Increase Limit Factors

Organizations with Assets below \$5,000,000

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.55
3,000,000	2.00
4,000,000	2.40
5,000,000	2.75

Organizations with Assets above \$5,000,001

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.40
3,000,000	1.65
4,000,000	1.90
5,000,000	2.15

For Limits greater than \$5,000,000; Submit to Home Office.

- Excess Limits Factor:
- (1) Calculate premium for entire layer up to and including our excess layer.
 - (2) Calculate premium for primary layers beneath our excess layer (i.e. don't include our excess layer).
 - (3) Excess Factor= (1) – (2)

Example: For a company with assets less than \$5,000,000

2M x 3M: (Base x 2.75) – (Base x 2.0) = Excess Factor

Step 9: Schedule Rating

Apply the following schedule rate modification as they may apply.

NOTE: A maximum of +/- 25% is permitted in this step. A net credit/debit of >25% may be permitted under unusual circumstances and requires special documentation and justification.

<u>ITEMS</u>	<u>FACTOR</u>
Claims/Litigation History (severity)	0.80 to 1.20
Stability of Workforce	0.85 to 1.15
Other Financial Factors	0.80 to 1.25
Takeover Potential	0.80 to 1.25
Effectuated by Recession	0.80 to 1.25
Riskiness of Industry	0.80 to 1.25
Management Experience or stability	0.75 to 1.25

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Step 10: Terrorism Risk Insurance Act of 2002 (“TRIA”) Premium Charge

The Significant Terrorism Risk Insurance Act of 2002 Premium Charge has been figured into the premium developed for this Coverage Section and will be listed as a separate item on the indication of terms letter and the policy. If an insured waives this coverage then we will reduce the premium by the Terrorism Risk Insurance Act of 2002 Premium Charge amount.

Terrorism Risk Insurance Act of 2002 Premium Charge: 1% of the total premium.

Employment Practices Coverage Section

Step 1:

Select the base premium from the chart, depending upon the total employee count of the organization and where within the employee grouping the particular organization falls. The base rate is a median number developed from the average of the two ends of the employee range spectrum. The base rate may be extrapolated upward or downward based on the actual employee count. Base rate is for an initial limit of liability of \$1,000,000.

Employee Range*	Class 1	Class 2	Class 3	Class 4
0-10	1,620	1,620	1,500	1,350
11-30	2,328	2,328	1,875	1,625
31-50	3,888	3,888	3,000	2,570
51-75	6,683	6,075	4,500	4,000
75-100	9,266	8,424	6,000	5,500
101-150	12,549	11,408	8,125	6,000
151-225	19,127	17,388	11,500	9,500
226-300	23,746	21,587	15,375	13,500
301-400	26,981	24,528	19,750	17,000
401-500	29,594	26,904	24,750	21,000
Over 500	32,882+	29,893+	27,500+	23,500+
	40 per employee over 501	40 per employee over 501	40 per employee over 501	50 per employee over 501

- Class 1= CA, HI
- Class 2= GA, NY
- Class 3= AK, AL, CO, FL, LA, MA, NJ, OR, TX, WA
- Class 4= All other States not listed in Class 1, 2, or 3

*Note: Part-time/Seasonal employees shall be considered .5 employees for calculating the number of full time employees in the above Employee Range.

Step 2:

Apply the base retention from the chart, depending on the total employee count of the organization and where within the employee count grouping the particular organization falls.

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Employee Range*	Class 1	Class 2	Class 3	Class 4
0-10	7,500	7,500	5,000	5,000
11-30	7,500	7,500	5,000	5,000
31-50	7,500	7,500	5,000	5,000
51-75	10,000	7,500	5,000	5,000
75-100	10,000	7,500	5,000	5,000
101-150	15,000	10,000	7,500	7,500
151-225	25,000	15,000	7,500	7,500
226-300	25,000	15,000	10,000	10,000
301-400	50,000	20,000	15,000	15,000
401-500	50,000	25,000	20,000	20,000
Over 500	50,000 + up to 10,000 per additional 100 employees	35,000 + up to 10,000 per additional 100 employees	25,000 + up to 10,000 per additional 100 employees	25,000 + up to 10,000 per additional 100 employees.
Class 1=	CA, HI			
Class 2=	GA, NY			
Class 3=	AK, AL, CO, FL, LA, MA, NJ, OR, TX, WA			
Class 4=	All other States not listed in Class 1, 2, or 3			

The above retentions may be stepped upward by applying a credit to the total premium for this coverage section. The amount of premium credit applicable is dependent on all underwriting factors and risks inherent in the particular account.

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

Based upon information in the underwriting file, apply all relevant factors to the premium derived in Step 3. Factors fully considered elsewhere should not be given additional credits/debits here.

<u>ITEMS</u>	<u>FACTORS</u>
Domicile within the state	0.80 to 1.25
Nature of Operations	0.80 to 1.50
More than 3 Years in business	0.80 to 1.00
Less than 3 Years in business	1.00 to 1.30
Merger, Acquisition or Divestiture in last 18 mo.	0.80 to 1.30
Merger, Acquisition or Divestiture in next 18 mo.	0.80 to 1.30
Management Turnover	0.90 to 1.30
Employee Turnover	0.90 to 1.20
Past or contemplated Layoff or office closing	0.90 to 1.35
Management Training/Education	0.90 to 1.15
Legal Review of Employment Policies/Procedures	0.90 to 1.15
Human Resources Department	0.90 to 1.15
Employment Policies/Procedures	0.90 to 1.15
Litigation: Current or within 1 year	1.00 to 1.50
Litigation: Within 1-5 years	1.00 to 1.30
Litigation: Within 5-10 years	0.90 to 1.30
Litigation: No Information in File	1.00
Other Litigation	1.00 to 1.25
Significant Transactional Event	0.75 to 1.25

Extremely severe or significant litigation or transactional event >25% debit/credit

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(Note: this debit or credit should be only occasionally used and then significant additional documentation beyond that normally required is necessary to explain this type of large credit or debit. Examples of this debit or credit would be a sale of the company transaction or company-threatening mass tort litigation, filing of bankruptcy or other “once in a lifetime” kind event)

Step 4: Significant Terms and Conditions

Apply the Significant Terms and Conditions Factor in accordance with the premium level derived.

5% to 25% credit:	At least one restrictive endorsement
5% to 25% debit:	At least one expansive endorsement
>25% credit/debit:	At least one very restrictive or expansive endorsement (Note: additional documentation beyond that normally required is necessary to explain this type of large credit or debit).

Step 5: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
0 to 180 days	50 to 75%
180 days to 1 Year	50 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 6: Run-Off Coverage

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
1 Year	100 to 150%
2 Year	105 to 175%
3 Year	115 to 150%
4 Year	120 to 175%
5 Year	122 to 185%
6 Year	125 to 250%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 7: Increase Limit Factors

Organizations in Class 3 and 4 with Employees below 150

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.40
3,000,000	1.65
4,000,000	1.90
5,000,000	2.15

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Organizations in Class 3 and 4 with 150 Employees and above and all Employee levels in Class 1 and 2

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.55
3,000,000	2.00
4,000,000	2.40
5,000,000	2.75

For Limits greater than \$5,000,000; Submit to Home Office.

- Excess Limits Factor:
- (1) Calculate premium for entire layer up to and including our excess layer.
 - (2) Calculate premium for primary layers beneath our excess layer (i.e. don't include our excess layer).
 - (3) Excess Factor= (1) – (2)

Example: 2M x 3M: (Base x 2.75) – (Base x 2.0) = Excess Factor

Step 8: Schedule Rating

Apply the following schedule rate modification as they may apply.

NOTE: A maximum of +/- 25% is permitted in this step. A net credit/debit of >25% may be permitted under unusual circumstances and requires special documentation and justification.

<u>ITEMS</u>	<u>FACTOR</u>
Claims/Litigation History (severity)	0.80 to 1.20
Stability of Workforce	0.85 to 1.15
Other Financial Factors	0.80 to 1.25
Labor Relations	0.80 to 1.25
Takeover Potential	0.80 to 1.25
Effectuated by Recession	0.80 to 1.25
Riskiness of Industry	0.80 to 1.25
Management Experience or stability	0.75 to 1.25

Step 9: Terrorism Risk Insurance Act of 2002 (“TRIA”) Premium Charge

The Significant Terrorism Risk Insurance Act of 2002 Premium Charge has been figured into the premium developed for this Coverage Section and will be listed as a separate item on the indication of terms letter and the policy. If an insured waives this coverage then we will reduce the premium by the Terrorism Risk Insurance Act of 2002 Premium Charge amount. Terrorism Risk Insurance Act of 2002 Premium Charge: 1% of the total premium.

Fiduciary Coverage Section

Step 1:

Select the base premium from the chart, depending upon the total asset size of all benefit plans combined and where within the asset grouping the particular total falls. The base rate is a median number developed from the average of the two ends of the asset range spectrum. The base rate may be extrapolated upward or downward based on the actual asset size. Base rate is for an initial limit of liability of \$1,000,000.

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<u>Asset Range</u>	<u>Base Rate</u>
0 - 1,000,000	500
1,000,001 - 5,000,000	750
5,000,001 - 25,000,000	1,250
25,000,001 - \$100,000,000	1,750
Over 100,000,000	2,500 +1000 per 10,000,000 in assets above 100,000,000

Step 2:

Apply the base retention from the chart, depending on the total asset size of the organization and where within the asset grouping the particular organization falls.

<u>Asset Range</u>	<u>Base Retention</u>
0 - 1,000,000	1,000
1,000,001 - 5,000,000	2,500
5,000,001 - 25,000,000	5,000
25,000,001 - \$100,000,000	10,000
Over 100,000,000	15,000 +5000 per 25,000,000 in assets above 100,000,000

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

Based upon information in the underwriting file, apply all relevant factors to the premium derived in Step 3. Factors fully considered elsewhere should not be given additional credits/debits here.

<u>ITEMS</u>	<u>FACTORS</u>
Domicile within the state	0.80 to 1.25
Nature of Operations	0.80 to 1.50
More than 3 Years in business	0.80 to 1.00
Less than 3 Years in business	1.00 to 1.30
Type of plan (Pension, Welfare or 401 K)	0.80 to 1.30
Employee Stock Ownership Plan	0.80 to 1.30
Conformity to provision of ERISA	0.90 to 1.30
Review of Plan for violations	0.90 to 1.30
Sufficient plan funding	0.90 to 1.35
Assets of plan invested in Company	0.90 to 1.35
Previous plan merger/termination/freezing of assets	0.90 to 1.35
Contemplated plan merger/termination/freezing of assets	0.90 to 1.35
Less than 250 plan participants	1.00 to 1.25
Greater than 251, but less than 500 plan participants	1.00 to 1.50
Greater than 501 plan participants	1.25 to 2.00
Litigation: Current or within 1 year	1.00 to 1.50
Litigation: Within 1-5 years	1.00 to 1.30
Litigation: Within 5-10 years	0.90 to 1.30
Litigation: No Information in File	1.00
Other Litigation	1.00 to 1.25
Significant Transactional Event	0.75 to 1.25

Extremely severe or significant litigation or transactional event >25% debit/credit (Note: this debit or credit should be only occasionally used and then significant additional documentation beyond that normally required is necessary to explain this type of large credit or debit. Examples of this debit or credit would be a sale of the company transaction or company-threatening mass tort litigation, filing of bankruptcy or other "once in a lifetime" kind event)

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Step 4: Significant Terms and Conditions

Apply the Significant Terms and Conditions Factor in accordance with the premium level derived.

5% to 25% credit:	At least one restrictive endorsement
5% to 25% debit:	At least one expansive endorsement
>25% credit/debit:	At least one very restrictive or expansive endorsement (Note: additional documentation beyond that normally required is necessary to explain this type of large credit or debit).

Step 5: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
0 to 180 days	50 to 75%
180 days to 1 Year	50 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 6: Run-Off Coverage

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
1 Year	100 to 150%
2 Year	105 to 175%
3 Year	115 to 150%
4 Year	120 to 175%
5 Year	122 to 185%
6 Year	125 to 250%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 7: Increase Limit Factors

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.40
3,000,000	1.65
4,000,000	1.90
5,000,000	2.15

For Limits greater than \$5,000,000; Submit to Home Office.

- Excess Limits Factor:
- (1) Calculate premium for entire layer up to and including our excess layer.
 - (2) Calculate premium for primary layers beneath our excess layer (i.e. don't include our excess layer).
 - (3) Excess Factor= (1) – (2)

Example: 2M x 3M: (Base x 2.75) – (Base x 2.0) = Excess Factor

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Step 8: Schedule Rating

Apply the following schedule rate modification as they may apply.

NOTE: A maximum of +/- 25% is permitted in this step. A net credit/debit of >25% may be permitted under unusual circumstances and requires special documentation and justification.

ITEMS	FACTOR
Claims/Litigation History (severity)	0.80 to 1.20
Asset Allocation of plans	0.85 to 1.15
Other Financial Factors	0.80 to 1.25
Takeover Potential	0.80 to 1.25
Effected by Recession	0.80 to 1.25
Riskiness of Industry	0.80 to 1.25
Management Experience or stability	0.75 to 1.25

Step 9: Terrorism Risk Insurance Act of 2002 (“TRIA”) Premium Charge

The Significant Terrorism Risk Insurance Act of 2002 Premium Charge has been figured into the premium developed for this Coverage Section and will be listed as a separate item on the indication of terms letter and the policy. If an insured waives this coverage then we will reduce the premium by the Terrorism Risk Insurance Act of 2002 Premium Charge amount. Terrorism Risk Insurance Act of 2002 Premium Charge: 1% of the total premium.

Crime Coverage Section

Step 1:

Select the base premium from the chart, depending upon the number of employees handling money or funds for the insured. The base rate is a median number developed from the average of the two ends of the employee range spectrum. The base rate may be extrapolated upward or downward based on the actual employee size. Base rate is for an initial limit of liability of \$1,000,000.

<u>Money Employee</u>	<u>Range Base Rate</u>
0 – 5	500
6 – 15	850
16 – 50	1,250
Over 50	1,880 + up to 75 per employee over 50

Step 2:

Apply the base retention from the chart, depending on the revenues of the organization and where within the revenue grouping the particular organization falls.

<u>Revenue Range</u>	<u>Base Retention</u>
0 - 5,000,000	1,000
5,000,001 - 25,000,000	2,500
25,000,001 - 100,000,000	5,000
100,000,001 - \$250,000,000	10,000
Over 250,000,000	25,000 +5,000 per 25,000,000 in revenue above 250,000,000

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

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Based upon information in the underwriting file, apply all relevant factors to the premium derived in Step 3. Factors fully considered elsewhere should not be given additional credits/debits here.

<u>ITEMS</u>	<u>FACTORS</u>
Domicile within the state	0.80 to 1.25
Nature of Operations	0.80 to 1.50
More than 3 Years in business	0.80 to 1.00
Less than 3 Years in business	1.00 to 1.30
Annual audit by a CPA	0.80 to 1.30
Bank account reconciliation practices	0.80 to 1.30
Employee Benefit Plan coverage	0.85 to 1.00
Controls for programmers/operators	0.90 to 1.30
Test procedures for programming	0.90 to 1.35
Segregation of check writing procedures	0.90 to 1.35
Less than 250 employees	1.00 to 1.25
Greater than 251, but less than 500 employees	1.00 to 1.50
Greater than 501 employees	1.00 to 2.00
Loss: Current or within 1 year	1.00 to 1.50
Loss: Within 1-5 years	1.00 to 1.30
Loss: Within 5-10 years	0.90 to 1.30
Loss: No Information in File	1.00
Other Loss:	1.00 to 1.25
Significant Transactional Event	0.75 to 1.25

Extremely severe or significant loss or transactional event >25% debit/credit (Note: this debit or credit should be only occasionally used and then significant additional documentation beyond that normally required is necessary to explain this type of large credit or debit. Examples of this debit or credit would be a sale of the company transaction or company-threatening mass tort litigation, filing of bankruptcy or other "once in a lifetime" kind event)

Step 4: Significant Terms and Conditions

Apply the Significant Terms and Conditions Factor in accordance with the premium level derived.

5% to 25% credit:	At least one restrictive endorsement
5% to 25% debit:	At least one expansive endorsement
>25% credit/debit:	At least one very restrictive or expansive endorsement (Note: additional documentation beyond that normally required is necessary to explain this type of large credit or debit).

Step 5: Discovery (Extended Reporting Period)

Crime coverage is on a loss discovered basis and is not eligible for a Discover Period or Extended Reporting Period.

Step 6: Run-Off Coverage

Crime coverage is on a loss discovered basis and is not eligible for Run-off Coverage.

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Step 7: Increase Limit Factors

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.55
3,000,000	2.00
4,000,000	2.40
5,000,000	2.75

For Limits greater than \$5,000,000; Submit to Home Office.

- Excess Limits Factor:
- (1) Calculate premium for entire layer up to and including our excess layer.
 - (2) Calculate premium for primary layers beneath our excess layer (i.e. don't include our excess layer).
 - (3) Excess Factor= (1) – (2)

Example: 2M x 3M: (Base x 2.75) – (Base x 2.0) = Excess Factor

Step 8: Schedule Rating

Apply the following schedule rate modification as they may apply.

NOTE: A maximum of +/- 25% is permitted in this step. A net credit/debit of >25% may be permitted under unusual circumstances and requires special documentation and justification.

<u>ITEMS</u>	<u>FACTOR</u>
Loss/Litigation History (severity)	0.80 to 1.20
Internal Control Procedures	0.85 to 1.15
Other Financial Factors	0.80 to 1.25
Takeover Potential	0.80 to 1.25
Effectuated by Recession	0.80 to 1.25
Riskiness of Industry	0.80 to 1.25
Management Experience or stability	0.75 to 1.25

Step 9: Terrorism Risk Insurance Act of 2002 (“TRIA”) Premium Charge

The Significant Terrorism Risk Insurance Act of 2002 Premium Charge has been figured into the premium developed for this Coverage Section and will be listed as a separate item on the indication of terms letter and the policy. If an insured waives this coverage then we will reduce the premium by the Terrorism Risk Insurance Act of 2002 Premium Charge amount.

Terrorism Risk Insurance Act of 2002 Premium Charge: 1% of the total premium.

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SECTION I. GENERAL RULES

A. Contents

This manual contains the rules, rating procedures, and company rates for Directors & Officers and Company, Employment Practices, Fiduciary, and Crime Coverage Liability Insurance.

The rules, rates, forms and rating plans filed by or on behalf of the company govern in all cases not specifically provided for in this manual.

B. Sections

This manual is divided into separate Sections for:

1. General Rules
2. Eligibility
3. Coverage Forms
4. Company Rates

C. Application

Use the appropriate application from the list below:

1. Application for Business and Management (BAM) Indemnity Insurance
2. RENEWAL Application for Business and Management (BAM) Indemnity Insurance

D. Policy Term

1. Policies may be written for a specific term up to three years.

E. Factors or Multipliers

1. Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

F. Rounding Procedure

1. Rates

Round rates, factors and multipliers after the final calculation to three decimal places. Five tenths or more of a mill shall be considered one mill, e.g., .1245 = .125.

2. Premium

Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar.

G. Policy Writing Minimum Premium (Monoline Crime Coverage ONLY)

1. Policy writing minimum premium is the lowest amount of premium for which a policy may be written and such amount is not subject to adjustment for any reason.
2. Apply a minimum premium to Crime Coverage for each annual period if it is written as a Monoline coverage. If it is written with any other line, no minimum premium applies.
3. Minimum premiums are the lowest amounts for which insurance may be written for each full year of coverage.

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4. The minimum allowable premium will only apply to Monoline Crime coverage being afforded. The minimum premium is changed by the application of the increase limits factor. The minimum premiums for this coverage is as follows:

Monoline Crime Coverage	\$2,000
-------------------------	---------

H. Additional Premium Charge

1. Calculation of Premium

- a. Prorate all changes requiring additional premium.
- b. Apply the rates and rules in effect on the effective date of the policy, or if the change is made after an anniversary date of the policy, apply the rates and rules in effect on that anniversary date. The additional premium developed is in addition to any applicable policy writing minimum premium.

2. Waiver of Premium

- a. Additional premiums at or below \$25 may be waived.
- b. This waiver applies only to that portion of the premium due on the effective date of the policy change.

I. Return Premium Charges

1. Premium Computation

- a. Compute return premium at the rates used to calculate the policy premium.
- b. Compute return premium pro-rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy writing minimum premium.

2. Waiver of premium

- a. Return premiums of \$25 or less shall be waived.
- b. This waiver applies only to that portion of the return premium due on the effective date of the policy change.
- c. Any return premium due the insured must be granted if the insured requests it.

J. Policy Cancellation

1. Pro Rata Cancellation

Calculate return premium pro rata and round to the next higher whole dollar when a policy is canceled.

- a. At the company's request due to the nonpayment of premium.
- b. Because the insured no longer has a financial interest in the business operation that is the subject of this insurance.
- c. And rewritten in the same company or company group.

K. Extended Reporting Period

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1. The insured can elect the Extended Reporting Period upon payment of the additional premium within ten (10) days of policy termination. We will provide an Extended Reporting Period for one year for a negotiated percentage of the annual premium.
2. The Extended Reporting Period premium and term are noted via endorsement to the policy at the time of policy issuance.

L. Reinstatement of the Aggregate

1. The premium charge for the reinstatement of the aggregate will be determined at the time of policy issuance and the insured will be advised accordingly. The premium will range from 100% to 300%, for the standard one-year reinstatement, of the annual premium and payable at the time the reinstatement is elected by the insured.
2. Multi year reinstatement of the aggregate will be available and the premium charge will be calculated at the same percentage charge on a per year basis.

M. Prior Acts Coverage

Prior Acts Coverage is available for the coverages afforded with the Directors & Officers and Company, Employment Practices, Fiduciary, and Crime Insurance. In the event that an insured does not elect Prior Acts Coverage then a 10% credit, from the annual premium, will be extended to the insured.

N. Tail Coverage

1. We will offer up to a six (6) year tail coverage for a charge not to exceed 1000% of annual premium.

O. Multiple Year Term Modifications

1. The base rate contemplates an annual policy period. Apply the appropriate factor from the table below based on the desired number of years.

Number of Years	Factor
1	1.00
2	1.50 – 2.25
3	2.25 – 3.50

2. A factor of 0.93 to 0.97 per year can be applied if the policy premium is prepaid.

SECTION II. ELIGIBILITY

A. Eligible classes of business include the following:

Commercial Entities

- | | |
|--|--|
| <ul style="list-style-type: none"> -Aerospace & Defense -Airlines -Broadcasting & Cable -Chemical Companies -Food & Beverage -Household – Durable Goods Manufacturing -Household – Non Durable Goods Manufacturing -Leisure Products | <ul style="list-style-type: none"> -Agribusiness -Auto & Auto Parts Manufacturing -Capital Goods -Electric Utilities -Home Building
 -Industrial Material |
|--|--|

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- Movies & Entertainment
 - Oil & Gas: Equipment & Services
 - Oil & Gas: Production & Marketing
 - Supermarkets
 - Telecommunications
 - Transportation
- Retailing

Financial Institutions

- Bank Holding Companies
 - Federal Savings Banks
 - Property & Casualty Insurance Companies (Stock & Mutual)
 - Life & Health Insurance Companies (Stock & Mutual)
 - Risk Retention Groups
 - Security Broker-Dealers/Registered Representatives
 - Investment Advisors
- Commercial Banks
-Credit Unions
-Captive Life Agents
-Mutual Funds

- B. Eligible Type and Size: For Private Companies ONLY with Assets of \$250 Million or less and/or 500 employees or less.
- C. Also refer to individual coverage manual rules for additional eligible classes of business by coverage.
 - i. Directors & Officers and Company Coverage Liability
 - ii. Employment Practices Coverage Liability
 - iii. Fiduciary Liability Coverage Liability
 - iv. Crime Coverage Liability

SECTION III. COVERAGE FORMS

- A. The eligibility guidelines, rates and rules outlined in this manual apply to the following coverage forms.
 - 1. Business and Management Indemnity Policy – Directors’ & Officers’ and Company
 - 2. Business and Management Indemnity Policy – Employment Practices
 - 3. Business and Management Indemnity Policy – Fiduciary
 - 4. Business and Management Indemnity Policy – Crime
- B. The appropriate
 - 1. Coverage forms;
 - 2. Optional endorsements;
 - 3. Mandatory endorsements (including those required for use in a particular state, required by other manual rules, or as required by a footnote in the classification table);
 - 4. Other applicable endorsements; and,
 - 5. The Declarationsmake up a coverage part.

SECTION IV. RATES

- A. For Private Companies ONLY with Assets of \$250 Million or less and/or 500 employees or less, refer to the following:

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2. Directors & Officers and Company Coverage Liability Rating Plan
3. Employment Practices Coverage Liability Rating Plan
4. Fiduciary Liability Coverage Liability Rating Plan
5. Crime Coverage Liability Rating Plan

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Exception Page for Rating Non-Profit Organization Risks - RANGE

Non-Profit risks will follow the same general rules and rating rules as the Business and Management (BAM) plan with the following exceptions:

Insured Person and Organization Coverage Section

Step 1:

Base Rates:

<u>Total Assets (000)</u>	<u>One Year Base Premium</u>			
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>
\$0- \$2,000,000	\$217	\$333	\$425	\$1,083
\$2,000,001-\$5,000,000	\$283	\$408	\$475	\$1,583
\$5,000,001-\$7,500,000	\$333	\$508	\$575	\$1,917
\$7,500,001-\$10,000,000	\$400	\$617	\$750	\$2,167
\$10,000,001-\$15,000,000	\$500	\$733	\$933	\$2,667
\$15,000,001-\$20,000,000	\$667	\$1,017	\$1,250	\$3,500

Class 1 through 4 defined in addendum A

Step 2:

Base retentions:

<u>Total Assets (000)</u>	<u>Base Retention</u>			
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>
\$0- \$2,000,000	\$1,000	\$2,500	\$5,000	\$5,000
\$2,000,001-\$5,000,000	\$1,500	\$2,500	\$5,000	\$7,500
\$5,000,001-\$7,500,000	\$2,500	\$2,500	\$5,000	\$7,500
\$7,500,001-\$10,000,000	\$5,000	\$5,000	\$7,500	\$10,000
\$10,000,001-\$15,000,000	\$5,000	\$7,500	\$10,000	\$15,000
\$15,000,001-\$20,000,000	\$7,500	\$7,500	\$15,000	\$20,000

Class 1 through 4 defined in addendum A

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

The following rating items do not apply to Non-Profit Rating:

- Nature of Operations – (already reflected in the four class rate groups)
- Less than 3 Subsidiaries
- Management Ownership greater than 50%
- Management Ownership less than 50%
- Actual or attempted securities offering in last 18 mos.
- Actual or attempted securities offering in next 18 mos.
- Contemplated public offering of securities in next 18 mos.

The following Items are added/amended with respect to Non-Profit Rating:

<u>ITEM</u>	<u>FACTOR</u>
Organization Exposure	0.80 to 1.30
Wholly-Owned For Profit Subsidiaries	1.00 to 1.30
Board members are elected	0.90 to 1.25
Board meets more than 3 times a year	0.95 to 1.25
Peer review/credentialing/standard setting	1.10 to 2.00
Non-taxable other than U.S. Revenue Code 501(c) (3) status	0.70 to 2.00
Non-taxable under U.S. Revenue Code 501(c) status	1.00
For profit subsidiaries	

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0 subsidiaries	1.00
1 subsidiary	1.25 to 1.75
>2 subsidiaries	2.25 to 2.50

Step 6: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
180 days to 1 Year	25 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 8: Increase Limit Factors

Organizations with Assets below \$5,000,000

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.25
3,000,000	1.40
4,000,000	1.55
5,000,000	1.75

Employment Practices Coverage Section

Step 1: Base Premiums

Select the base premium from the chart, depending upon the total employee count of the organization and where within the employee grouping the particular organization falls. The base rate is a median number developed from the average of the two ends of the employee range spectrum. The base rate may be extrapolated upward or downward based on the actual employee count. Base rate is for an initial limit of liability of \$1,000,000.

<u>Employee Range*</u>	<u>Base Premium</u>			
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>
0-5	\$900	\$1,500	\$2,000	\$3,000
6-10	\$1,000	\$1,600	\$2,200	\$5,500
11-15	\$1,100	\$1,700	\$2,400	\$6,000
16-25	\$1,200	\$1,900	\$2,800	\$7,500
26-50	\$1,500	\$2,100	\$3,500	\$10,000
51-75	\$2,000	\$2,500	\$4,200	\$12,500
76-100	\$2,500	\$3,000	\$6,000	\$15,000
101-200	\$3,000	\$5,000	\$8,000	\$18,500
201-300	\$5,000	\$10,000	\$12,000	\$25,000

Class 1 through 4 defined in addendum A

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Step 2: Base Retentions

<u>Employee Employee Range*</u>	<u>Base Retention</u>			
	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>
0-5	\$1,000	\$1,000	\$2,500	\$5,000
6-10	\$1,000	\$1,000	\$2,500	\$5,000
11-15	\$1,000	\$2,500	\$5,000	\$5,000
16-25	\$2,500	\$2,500	\$5,000	\$7,500
26-50	\$5,000	\$5,000	\$5,000	\$7,500
51-75	\$5,000	\$5,000	\$7,500	\$10,000
76-100	\$5,000	\$5,000	\$7,500	\$10,000
101-200	\$7,500	\$7,500	\$10,000	\$15,000
201-300	\$10,000	\$10,000	\$15,000	\$25,000

Class 1 through 4 defined in addendum A

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

The following rating items do not apply to Non-Profit Rating:
Nature of Operations

The following item is added with respect to Non-Profit Rating:

<u>ITEM</u>	<u>FACTOR</u>
Organization Exposure	0.80 to 1.30

Step 5: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
180 days to 1 Year	25 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

Step 6: Run-Off Coverage

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
1 Year	100 to 150%
2 Year	105 to 175%
3 Year	115 to 175%
4 Year	120 to 175%
5 Year	122 to 185%
6 Year	125 to 250%

Step 7: Increase Limit Factors

Organizations in Class 3 and 4 with Employees below 150

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.25
3,000,000	1.40
4,000,000	1.55
5,000,000	1.75

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Fiduciary Coverage Section

Step 1: Base Premium:

<u>Asset Range</u>	<u>Base Rate</u>
0 - 1,000,000	100
1,000,001 - 5,000,000	350

Step 2: Base Retention

Apply the base retention from the chart, depending on the total asset size of the organization and where within the asset grouping the particular organization falls.

<u>Asset Range</u>	<u>Base Retention</u>
0 - 1,000,000	1,000
1,000,001 - 5,000,000	2,500

Step 3: RISK CHARACTERISTICS (NON-FINANCIAL)

The following rating items do not apply to Non-Profit Rating:
Nature of Operations

The following item is added with respect to Non-Profit Rating:

<u>ITEM</u>	<u>FACTOR</u>
Organization Exposure	0.80 to 1.30

Step 5: Discovery (Extended Reporting Period)

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
180 days to 1 Year	25 to 100%
2 Year	125 to 150%
3 Year	150 to 200%

The percentage of the total premium charged for this extension of coverage is derived from the cumulative underwriting factors and risks inherent in each specific account.

Step 6: Run-Off Coverage

<u>Period</u>	<u>Additional Premium Charge of the total premium</u>
1 Year	100 to 150%
2 Year	105 to 175%
3 Year	115 to 175%
4 Year	120 to 175%
5 Year	122 to 185%
6 Year	125 to 250%

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Step 7: Increase Limit Factors

<u>Limit</u>	<u>FACTOR</u>
500,000	0.75
1,000,000	1.00
2,000,000	1.25
3,000,000	1.40
4,000,000	1.55
5,000,000	1.75

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ADDENDUM A- NON PROFIT RISK CLASSES

CLASS 1 (STANDARD BUSINESS)

1. FRATERNAL SOCIETIES & ASSOCIATIONS – (e.g. Elks and Moose Lodges). This classification does NOT include professional associations (e.g. doctors, lawyers, accountants) or property/condo associations, regulatory associations or college fraternal orders or societies.
2. SOCIAL & RECREATIONAL CLUB – (e.g. ski clubs, cooking clubs, hobby, enthusiasts clubs etc.) This does NOT include professional athletic clubs or leagues
3. MUSEUMS, ARTS, THEATER, ZOOS, AQUARIUMS
4. HISTORICAL SOCIETIES
5. RELIGIOUS ORGANIZATIONS (SMALL MISSIONS, ETC.) – This category is meant for small church facilities only; it does NOT include any medical or educational facilities which may be sponsored by the church, and it does NOT include any childcare facilities.
6. CHARITABLE/PHILANTHROPIC TRUST - This applies only to traditional philanthropic foundations. It does NOT apply to those which are ancillary to hospitals or universities nor to those which are primarily directed at funding medical or health care services or research, OR TO FOUNDATIONS WHICH OPERATE ON GOING BUSINESSES.
7. AGRICULTURAL COOPERATIVES – This does NOT include those which make a market in, or speculate in their own products (or any other products).
8. DAYCARE FACILITIES
9. ECONOMIC COUNCILS (INCL. CHAMBER OF COMMERCE)
10. SOCIAL WELFARE ORGANIZATIONS – (e.g. food pantries, soup kitchens, etc.) This does NOT include organizations which provide medical or health services, or political or lobbying organizations.
11. HOMELESS SHELTERS – This does not include assisted living facilities.
12. PRIVATE SCHOOLS – K through 12. This does not include higher learning organizations.

CLASS 2 (NON-STANDARD BUSINESS)

1. WATER/SEWERAGE DISTRICTS
2. RURAL ELECTRIC DISTRICTS

CLASS 3 (NON-STANDARD BUSINESS)

1. FRATERNAL SOCIETIES & ASSOCIATIONS – This includes college fraternal orders and societies.
2. YACHT CLUBS
3. TRADE ASSOCIATIONS – This does NOT include those associations which perform credentialing, certification or product testing or standard setting.
4. FAMILY PLANNING CENTERS
5. CIVIC/CONVENTION CENTERS
6. CORPORATIONS ORGANIZED UNDER ACTS OF CONGRESS – (e.g. Port Authorities, Conservation Districts, and other multi-state, quasi-public organizations). This does NOT include any healthcare or secondary education related organizations.

CLASS 4 (NON-STANDARD BUSINESS)

1. GOLF & COUNTRY CLUBS – This does NOT include those that are included as part of residential developments.
2. SOCIAL WELFARE ORGANIZATIONS – (e.g. crisis counseling, telephone hot lines, etc.) This does NOT include organizations which provide medical or health services, or political or lobbying organizations.
3. HEALTHCARE PROVIDER ASSOCIATIONS
4. HOSPITAL ASSOCIATIONS
5. REHABILITATION CENTERS – This includes only those with limited medical facilities or clinics.

**SCOTTSDALE INDEMNITY COMPANY
BUSINESS AND MANAGEMENT INDEMNITY PROGRAM
COUNTRYWIDE RATING PLAN**

6. RESEARCH AND DEVELOPMENT INSTITUTES – This includes those which are medically or biotech related.
7. COMMUNITY HEALTH (INCLUDE MENTAL HEALTH) CENTERS
8. RETIREMENT & NURSING HOMES - This does not include hospital facilities which may sponsor such facilities.

SERFF Tracking Number: SCTT-125676127 State: Arkansas
Filing Company: Scottsdale Indemnity Company State Tracking Number: EFT \$100
Company Tracking Number: EK AR04091ICR01
TOI: 05.0 Commercial Multi-Peril - Liability & Non- Sub-TOI: 05.0000 CMP Sub-TOI Combinations
Liability
Product Name: Business and Management Indemnity Program
Project Name/Number: 4091 Business and Management Indemnity Program/EK AR04091ICR01

Supporting Document Schedules

Satisfied -Name: Cover Letter **Review Status:** Accepted for Informational 06/10/2008
Purposes

Comments:

Attachment:

EK AR4091icrcvrltr.pdf



Scottsdale Indemnity Company

June 2, 2008

The Honorable Julia Benafield Bowman
Commissioner
Arkansas Department of Insurance
1200 W. Third Street
Little Rock AR 77201-1904

Re: Scottsdale Indemnity Company
NAIC #140-15580
FEIN # 31-1117969
Business and Management Indemnity Program (BAM)
Initial Rate/Rule Filing
Company File No.: EK AR04091ICR01

Dear Commissioner:

Scottsdale Indemnity Company is filing a new Business and Management (BAM) Insurance program for Privately-held Organizations. This program is intended to provide coverage for Directors and Officers Liability, Employment Practices Liability, Fiduciary Liability and Crime. We request an effective date concurrent with your Department's approval.

As Scottsdale Indemnity Company does not currently write this coverage, we are filing the rates, rules and forms as filed by Westchester Fire Insurance Company. The rates, rules and forms are identical to those filed by Westchester with the exception of removing reference to their Company's form numbers and any Company names and numbering convention.

Please refer to the attached manual pages for further explanation for this product.

We hope you will be in a position to grant favorable consideration to this submission. If you need any further information, please feel free to contact me on the toll free number or e-mail address listed below.

Sincerely,



Kristin Abbott
State Filings Analyst II
abbottk@scottsdaleins.com
(800) 423-7675 x3140
Encl.

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