

SERFF Tracking Number: ARKS-125729125 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104972 \$50
Company Tracking Number: PP-2008-RCERU
TOI: 19.0 Personal Auto Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Product Name: n/a
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: n/a	SERFF Tr Num: ARKS-125729125	State: Arkansas
TOI: 19.0 Personal Auto	SERFF Status: Closed	State Tr Num: #104972 \$50
Sub-TOI: 19.0001 Private Passenger Auto (PPA)	Co Tr Num: PP-2008-RCERU	State Status: Fees verified and received
Filing Type: Rule	Co Status:	Reviewer(s): Alexa Grissom, Betty Montesi
	Author:	Disposition Date: 07/10/2008
	Date Submitted: 07/10/2008	Disposition Status: Filed
Effective Date Requested (New):		Effective Date (New): 07/30/2008
Effective Date Requested (Renewal):		Effective Date (Renewal):

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 07/10/2008	
State Status Changed: 07/10/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

Company and Contact

Filing Contact Information

NA NA,	NA@NA.com
NA	(123) 555-4567 [Phone]
NA, AR 00000	

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Filing Company Information

00006 - INSURANCE SERVICES OFFICE, CoCode: 6 State of Domicile: Arkansas
INC.
No Address Group Code:
City, AR 99999 Group Name: Company Type:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999 State ID Number:

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Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	07/10/2008	07/10/2008

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Disposition

Disposition Date: 07/10/2008

Effective Date (New): 07/30/2008

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	ARKS-125729125		Yes

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Rate Information

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Product Name: n/a
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Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125729125

07/10/2008

Comments:

Attachment:

ARKS-125729125.pdf

ARKS-125729125



2828 E. TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006
TEL: (214) 390-1825 FAX: (214) 390-1975

104972
50.00

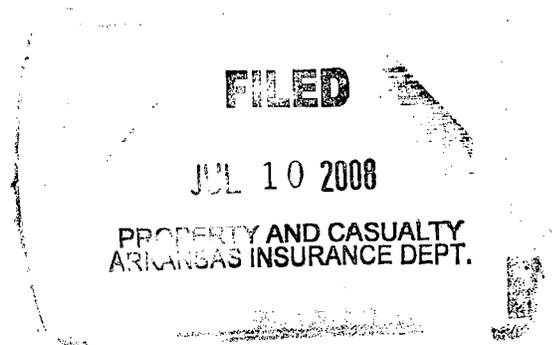
Kenneth J. Hill, CPCU
Regional Director, Government Relations

July 8, 2008

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

Attention: William R. Lacy, Director
Property and Casualty Division

RE: Insurance Services Office, Inc.
PP 2008-RCERU
Personal Auto
Custom Equipment Coverage Rule and Rating Provisions Revised
REFERENCE FILING
State of Arkansas



Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for Personal Auto rules revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of January 2009, or the earliest possible subsequent date following your acknowledgement.

Companion loss cost filing PP 2008-RCELC is also submitted today under separate cover. Companion forms filing PP 2008-OCEFO was submitted on April 17, 2008.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

DJB:dlb
Encl.



Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
----------------------	---------------------

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Insurance Services Office, Inc.	DE		13-3131412	

RECEIVED
1 JUL 10 2008

5. Company Tracking Number	PP-2008-RCERU
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PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com

7. Signature of authorized filer	
----------------------------------	--

8. Please print name of authorized filer	Donald J. Beckel
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Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	19.0 Personal Auto
10. Sub-Type of Insurance (Sub-TOI)	19.0001 Private Passenger Auto
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Personal Auto Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 01/01/09 Renewal: 01/01/09
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	Not Applicable
17. Reference Organization # & Title	Not Applicable
18. Company's Date of Filing	7/8/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

2

Property & Casualty Transmittal Document---

20. This filing transmittal is part of Company Tracking # PP-2008-RCERU

21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

Introduction of revised Custom Equipment Coverage Rule and Rating Provisions in the Personal Auto Program.

22. Filing Fees (Filer must provide check # and fee amount if applicable)
[If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #: 104972
Amount: \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

RATE/RULE FILING SCHEDULE

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

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

1.	This filing transmittal is part of Company Tracking #	PP-2008-RCERU
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	PP-2008-OCEFO

Rate Increase Rate Decrease Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Insurance Services Office, Inc.			N/A	N/A	N/A		

4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing – Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
7.	Effective Date of last rate revision	N/A
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Rule 4.C.8.	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Rule 14.H.	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

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Introduction of Revised Custom Equipment Coverage Rule and Rating Provisions

Introduction

Currently under the Personal Auto Program, coverage is excluded for loss to any custom furnishings or equipment in or upon any pickup or van, with coverage available as an option. Coverage is included under the policy for custom equipment in an auto, other than a pickup or van, if physical damage coverage applies under the Personal Auto Policy (PAP).

The custom equipment coverage exclusion and buy-back option was developed in the late 1970's mainly to address the substantial customization possible for conversion vans and, to some extent, pickups. Since that time, an abundance of custom equipment that can be added to **all** types of vehicles has entered the marketplace. Custom equipment can now include performance modifications such as engine or exhaust enhancers, utility modifications such as winches, and special accessories such as custom wheels, tires or spinners. Overall, customization is becoming more prevalent on cars and sport utility vehicles rather than remaining limited to the realm of conversion vans and pickups. Furthermore, custom equipment, such as performance modifications, can be rather costly.

About This Filing

This filing revises and updates existing rating provisions for custom equipment in the Personal Vehicle Manual (PVM) in conjunction with the revisions to the PAP.

Revised Rules

We are revising the following PVM General Rules:

- ◆ Rule 4.C.8. Classifications – Definitions – Pickups and Vans
- ◆ Rule 14.H. Miscellaneous Coverages – Customized Vans and Pickups

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

Related Filing(s)

- ◆ Forms Filing PP-2008-OCEFO: Introduction of a Revised Custom Equipment Exclusion and Related Optional Endorsement
- ◆ Loss Costs Filing PP-2008-RCELC: Introduction of Miscellaneous Loss Costs for Excess Custom Equipment Coverage

Background

In Multistate Personal Auto Forms Filing PP-2008-OCEFO, in order to address the new exposures in the marketplace for all vehicles, we have:

- ◆ Revised the PAP by introducing PP 13 06 01 09, Custom Equipment Exclusion Endorsement. Under the endorsement, coverage for original manufacturer custom equipment is provided for all vehicles. Coverage for aftermarket equipment is also provided, but a limitation of \$1,500 for such aftermarket custom equipment in any vehicle applies. As discussed in related Forms Filing PP-2008-OCEFO, the \$1,500 coverage limit was believed to be adequate to respond to the needs and expectations of a majority of insureds under the PAP who may purchase vehicles with aftermarket equipment that they may expect to be covered, such as a sunroof or spoiler.
- ◆ Revised endorsement PP 03 18 01 09, Excess Custom Equipment Coverage to provide optional additional coverage for those insureds who opt to add expensive modifications to any vehicle, not just pickups and vans, above the \$1,500.

This coverage re-alignment introduces an approach whereby only those insureds that need the additional coverage are actually paying for the coverage.

We are now revising Rules 4.C.8. and 14.H. in the PVM, in conjunction with these form revisions.

Explanation of Changes

Rule 14.H. Excess Custom Equipment Coverage

Currently under Rule 14.H. Customized Vans and Pickups of the PVM, when the policy affords physical damage coverage, the base rate for customized vans and pickups is developed by determining the Original Cost New of the vehicle that *includes* the value of the custom equipment, determining a symbol based on that amount and developing the premium based on Rule 3. Premium Determination Rule.

Under the revised rating procedure described in revised Rule 14.H.2., a rate per auto will be determined based on the amount of coverage for the aftermarket

custom equipment in excess of \$1,500 that will be in addition to the physical damage premium developed in accordance with Rule 3. In determining the physical damage premium in accordance with Rule 3., the Vehicle Series Rating Symbol that reflects the physical damage loss experience of the vehicle will be used instead of a symbol that is based on the Original Cost New and the value of the custom equipment. In addition, under revised Rule 14.H., the following changes were made:

- ◆ The title of the rule and the reference to the endorsement are revised to Excess Custom Equipment Coverage.
- ◆ Rule 14.H.1. Coverage describes the revised coverage for original manufacturer and aftermarket custom equipment contained in the revised PAP.
- ◆ Rule 14.H.2.a. provides the optional increased limits available for aftermarket custom equipment.
- ◆ Rule 14.H.2.b. states that the provisions of multistate Rule 4. Classifications and Rule 5. Safe Driver Insurance Plan do not apply for excess custom equipment coverage.
- ◆ Rule 14.H.2.c. refers to Rule 19.A. for rating of motor homes and vans converted into motor homes.
- ◆ Rule 14.H.2.d. refers to Rule 19.B. for rating of trailers and camper bodies designed for use with private passenger autos and pickups.

Rule 4.C.8. Pickups And Vans

Currently PVM Rule 4.C.8. provides rules for classifying pickups and vans. In conjunction with the form and rule revisions described above with respect to custom equipment coverage, Rule 4.C.8. is revised as follows:

- ◆ Paragraph a. is editorially revised to more closely reflect the name and location of the Price/Symbol Charts used to determine a symbol for non-symbolled pickups.
- ◆ An instruction is added to refer to Rule 14.H. for the rating of custom equipment on pickups and vans.
- ◆ Current paragraph b., which states that coverage for caps, covers or bedliners on a pickup is provided without additional premium charge and without specific description of the cap, cover or bedliner, is deleted. Such equipment will now be treated like all other custom equipment as the \$1,500 coverage limit for aftermarket custom equipment should be adequate for an aftermarket cap, cover or bedliner. Any cap, cover or bedliner that is original manufacturer equipment will still be covered automatically under the physical damage coverage in the policy.



- ◆ An editorial revision is made to paragraph c. to more closely identify the portion of Rule 19. addressing camper bodies.

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Part 8

PERSONAL VEHICLE MANUAL
GENERAL RULES

4. CLASSIFICATIONS

C. Definitions

8. Pickups and Vans

- a. Liability and Physical Damage: Rate as private passenger auto.

For non-symbolled pickups, determine a symbol based on original cost new from the Price/Symbol Charts tables on page 1 of in the Symbol and Identification Manual Section.

- b. Refer to Rule 14.H. for rating of custom equipment on pickups and vans.

- ~~b. Coverage for caps, covers or bedliners on a pickup is provided without additional premium charge and without specific description of the cap, cover or bedliner.~~

- c. Camper bodies with or without facilities for cooking or sleeping: Rate as separate item. Refer to Rule 19.B. Miscellaneous Types.

14. MISCELLANEOUS COVERAGES

H. Excess Customized Equipment Coverage Vans and Pickups

~~When Comprehensive and/or Collision coverages are afforded, the base rate is determined as follows:~~

- ~~1. Determine the Original Cost New of the vehicle, including the value of the customized equipment.~~
- ~~2. Determine a symbol based on the amount developed in 1. from the tables on pages 1 and 2 of the Symbol and Identification Section corresponding to the model year of the vehicle.~~
- ~~3. Develop the premium according to the Premium Determination Rule, using the symbol determined in 2.~~

1. Coverage

Coverage for original manufacturer custom equipment is automatically provided for any vehicle when Comprehensive and/or Collision coverage is afforded.

Coverage for aftermarket custom equipment is automatically provided for any vehicle up to \$1,500, without additional premium charge, when Comprehensive and/or Collision coverage is afforded. This limit may be increased.

Aftermarket custom equipment includes, but is not limited to:

- a. Special carpeting or insulation;
- b. Furniture or bars;
- c. Height-extending roofs;
- d. Body, engine, exhaust or suspension enhancers;
- e. Winches, or anti-roll or anti-sway bars;
- f. Custom grilles, louvers, side pipes, hood scoops or spoilers;
- g. Custom wheels, tires or spinners;
- h. Custom chrome, murals, paintwork, decals or other graphics; or
- i. Caps, covers or bedliners.

2. Rating

a. The \$1,500 limit for aftermarket custom equipment may be increased to any of the following limits:

<u>Maximum Limit of Liability for Excess Custom Equipment</u>	<u>Rate Per Auto</u>
<u>\$ 2,000</u>	
<u>3,000</u>	
<u>4,000</u>	
<u>5,000</u>	<u>Refer to</u>
<u>6,000</u>	<u>Rate Pages</u>
<u>7,000</u>	
<u>8,000</u>	
<u>9,000</u>	
<u>10,000</u>	

For limits in excess of \$10,000,
refer to Rate Pages.

b. The provisions of Rule 4. Classifications and Rule 5. Safe Driver Insurance Plan do not apply for this coverage.

c. Refer to Rule 19.A. for rating of motor homes and vans converted into motor homes.

d. Refer to Rule 19.B. for rating of trailers and camper bodies designed for use with private passenger autos and pickups.

3.4. Endorsement

Attach the Excess Customizing Equipment Coverage Endorsement.

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