

SERFF Tracking Number: ARKS-125729132 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104973 \$250
Company Tracking Number: PP-2008-RCELC
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-125729132	State: Arkansas
TOI: 19.0 Personal Auto	SERFF Status: Closed	State Tr Num: #104973 \$250
Sub-TOI: 19.0001 Private Passenger Auto (PPA)	Co Tr Num: PP-2008-RCELC	State Status: Fees verified and received
Filing Type: Rate	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): 11/25/2008
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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Product Name: n/a
Project Name/Number: /

Disposition

Disposition Date: 07/10/2008

Effective Date (New): 11/25/2008

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-125729132		Yes

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Supporting Document Schedules

Review Status:

Satisfied -Name: ARKS-125729132

07/10/2008

Comments:

Attachment:

ARKS-125729132.pdf

ARKS-125729132

MG

104973
250.00



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

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-RCELC
Personal Auto
Introduction of Miscellaneous Loss Costs for Excess Custom Equipment Coverage
REFERENCE FILING
State of Arkansas

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

We propose this revision become effective in accordance with the following rule of application:

These changes are applicable to all policies written on or after January 1, 2009.

In accordance with your loss cost procedures, this effective date applies only to those insurers who have filed their Personal Auto loss cost multipliers to be automatically applicable to future ISO loss cost revisions. Any other ISO participating insurer may adopt ISO loss costs by filing its loss cost multipliers and selecting an effective date.

Companion rule filing PP 2008-RCERU 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, AKM
Assistant Regional Manager
Government Relations

DJB:dlb
Encl.

FILED

JUL 10 2008

PROPERTY AND CASUALTY
ARKANSAS INSURANCE DEPT.

RECEIVED

JUL 10 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

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
JUL 10 2008

5. Company Tracking Number	PP-2008-RCELC	PROPERTY AND CASUALTY DIVISION ARKANSAS INSURANCE DEPARTMENT
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
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

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 checked="" type="checkbox"/> Rate/Loss Cost <input 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	11/25/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

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Property & Casualty Transmittal Document---

20.	This filing transmittal is part of Company Tracking #	PP-2008-RCELC
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Introduction of Miscellaneous Loss Costs for Excess Custom Equipment Coverage 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]
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Check #: 104973
Amount: \$ 250.00

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.)

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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-RCELC
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	PP-2008-OCEFO
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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	0.0
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7.	Effective Date of last rate revision	5/1/2008
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File & Use
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Rule 14.H.	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

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Introduction of Miscellaneous Loss Costs for Excess Custom Equipment Coverage

About This Filing

This filing introduces miscellaneous loss costs for excess aftermarket custom equipment in conjunction with the revisions to the Personal Vehicle Manual.

New Loss Costs

We are introducing loss costs corresponding to Rule 14.H. Miscellaneous Coverages – Excess Custom Equipment Coverage in the Personal Vehicle Manual (PVM).

Related Filing(s)

- ◆ Forms Filing PP-2008-OCEFO: Introduction of a Revised Custom Equipment Exclusion and Related Optional Endorsement
- ◆ Rules Filing PP-2008-RCERU: Introduction of Revised Custom Equipment Coverage Rule and Rating Provisions

Background

In Multistate Personal Auto Forms Filing PP-2008-OCEFO, in order to address the new custom equipment exposures in the marketplace for all vehicles, we revised the Personal Auto Policy, via a new Custom Equipment Exclusion Endorsement, such that coverage for original manufacturer custom equipment is provided for all vehicles. Coverage for aftermarket custom equipment is also provided, but a limitation of \$1,500 for such aftermarket custom equipment in any vehicle has been added. The Excess Custom Equipment Coverage Endorsement was revised to provide optional additional coverage for those insureds that 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.

In conjunction with the changes to the Personal Auto Policy, in Multistate Personal Auto Rules Filing PP-2008-RCERU, we introduced a new rating procedure described in revised Rule 14.H.2. The rule is revised such that a premium per auto will be determined based on the amount of coverage for the aftermarket custom equipment in excess of \$1,500.

Explanation of Changes

We are introducing the following new loss costs to correspond with the optional increased limits for Excess Custom Equipment Coverage in Rule 14.H. of the PVM:

14. MISCELLANEOUS COVERAGES

H. Excess Custom Equipment Coverage

Maximum Limit of Liability for Excess Custom Equipment	Loss Cost Per Auto
\$ 2,000	\$ 5
3,000	15
4,000	25
5,000	35
6,000	45
7,000	55
8,000	65
9,000	75
10,000	85

For limits in excess of \$10,000,
charge an additional \$10 per \$1000 of coverage.

Actuarial Support

Under the current rating procedures, 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.

Under the revised rating procedure described in revised Rule 14.H.2., a premium 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 (VSR) 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.

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The first \$1,500 of coverage for aftermarket custom equipment is included in the base Personal Auto Policy physical damage coverage. 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.

If higher limits of coverage are desired, a \$10 loss cost increment per \$1,000 of excess aftermarket custom equipment coverage will apply. The loss cost increment was determined as follows:

- (1) As referred to in our VSR Program on file, for the bulk of the Symbol table, successive rating Symbols are rated 7% higher. These symbols each cover an average Manufacturer's Suggested Retail Price spread of \$2,000. Since we are pricing \$1,000 layers of coverage, it follows that each layer would be 3.5% (half the layer of coverage would be half the rating differential).
- (2) Based on the year ended 12/31/2005 multi-state data, the statewide average physical damage loss cost is \$289.89.
- (3) 3.5% of \$289.89 is \$10.15.
- (4) Based on this, a \$10 loss cost increment is selected for each \$1,000 of coverage over \$2,000. \$5 was selected as the loss cost increment for the \$500 layer between \$1,500 (included in the base policy coverage) and \$2,000.

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Company Decision

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by ISO in developing the enclosed loss costs are appropriate for its use. Some calculations included in this filing involve areas of ISO staff judgment. Each insurer should carefully review and evaluate its own experience in order to determine whether the ISO advisory loss costs are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

PERSONAL VEHICLE MANUAL
GENERAL RULES
MISCELLANEOUS LOSS COSTS

14. MISCELLANEOUS COVERAGES

H. Excess Custom Equipment Coverage

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7,000	55
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10,000	85

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