

SERFF Tracking Number: FFDC-125716763 State: Arkansas
 First Filing Company: American Automobile Insurance Company, ... State Tracking Number: EFT \$50
 Company Tracking Number: NARAB0308.F
 TOI: 05.1 Commercial Multi-Peril - Non-Liability Sub-TOI: 05.1003 Commercial Package
 Portion Only
 Product Name: ABC-New Proprietary Ordinance or Law Coverage Extension for Non-conforming Buildings Form & Rule Filing
 Project Name/Number: ABC-New Proprietary Ordinance or Law Coverage Extension for Non-conforming Buildings Form & Rule Filing/NARWAB0308.F

Filing at a Glance

Companies: American Automobile Insurance Company, Associated Indemnity Corporation, Fireman's Fund Insurance Company, National Surety Corporation, The American Insurance Company

Product Name: ABC-New Proprietary SERFF Tr Num: FFDC-125716763 State: Arkansas

Ordinance or Law Coverage Extension for Non-conforming Buildings Form & Rule Filing

TOI: 05.1 Commercial Multi-Peril - Non-Liability SERFF Status: Closed State Tr Num: EFT \$50

Portion Only

Sub-TOI: 05.1003 Commercial Package Co Tr Num: NARAB0308.F State Status: Fees verified and received

Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins

Author: Tracy Thompson Disposition Date: 07/09/2008

Date Submitted: 07/08/2008 Disposition Status: Approved

Effective Date Requested (New): 10/15/2008

Effective Date Requested (Renewal): 10/15/2008

Effective Date (New): 10/15/2008

Effective Date (Renewal): 10/15/2008

State Filing Description:

General Information

Project Name: ABC-New Proprietary Ordinance or Law Coverage Extension for Non-conforming Buildings Form & Rule Filing

Project Number: NARWAB0308.F

Reference Organization:

Reference Title:

Filing Status Changed: 07/09/2008

State Status Changed: 07/09/2008

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

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Enclosed for your review and approval is a new optional coverage extension endorsement that modify our Ordinance or Law Coverage Form and Business Income Coverage Form (and Extra Expense) that provides additional coverage if the damaged building cannot be replaced to pre-loss functionality. Our proposed effective date is October 15, 2008.

This endorsement can be used on any account that may have an exposure to loss due to application of ordinance or law.

Ordinance or Law Coverage Extension for Non-conforming Buildings - AB 9353 03 08

Provides the coverage language that modifies insurance protection under the following previously approved Small Business/ABC forms:

- American Business Coverage Property/Liability Policy - AB 9000
- Ordinance or Law Coverage Form - AB 9085

Coverage Endorsements

AB9353 - Ordinance or Law Coverage Extension for Non-conforming Buildings

Coverage Explanation

This endorsement modifies the Ordinance or Law Coverage Form and Business Income Coverage Form (and Extra Expense) to provide additional coverage if the damaged building cannot be replaced to pre-loss functionality due to the enforcement of any ordinance or law that does not permit restoring the non-conforming building on the same premises and to the same height, floor area, number of units and occupancy of the original property insured.

Enclosed in support of this filing are the following documents:

- Explanatory Memorandum
- Actuarial Memorandum
- SB – Ordinance or Law Coverage for Non-Conforming Buildings Endorsement
- State Specific Checklists

We look forward to the Department's acknowledgement of this filing to become effective October 15, 2008.

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Thank you,

Tracy L. Thompson
 Regulatory Analyst
 Fireman's Fund Insurance Company
 415.899.2145 (o)
 866.290.0671 (f)
 Tthomps5@ffic.com

Company and Contact

Filing Contact Information

Tracy Thompson, Regulatory Analyst tthomps5@ffic.com
 777 San Marin Drive (415) 899-2145 [Phone]
 Novato, CA 94998 (866) 290-0671[FAX]

Filing Company Information

American Automobile Insurance Company	CoCode: 21849	State of Domicile: Missouri
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 22-1608585	

Associated Indemnity Corporation	CoCode: 21865	State of Domicile: California
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-2817 ext. [Phone]	FEIN Number: 22-1708002	

Fireman's Fund Insurance Company	CoCode: 21873	State of Domicile: California
777 San Marin Drive	Group Code: 761	Company Type:
Novato, CA 94998	Group Name:	State ID Number:
(415) 899-3290 ext. [Phone]	FEIN Number: 94-1610280	

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National Surety Corporation
777 San Marin Drive
Novato, CA 94998
(415) 899-2817 ext. [Phone]

CoCode: 21881
Group Code: 761
Group Name:
FEIN Number: 36-2704643

State of Domicile: Illinois
Company Type:
State ID Number:

The American Insurance Company
777 San Marin Drive
Novato, CA 94998
(415) 899-2817 ext. [Phone]

CoCode: 21857
Group Code: 761
Group Name:
FEIN Number: 22-0731810

State of Domicile: Nebraska
Company Type:
State ID Number:

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	07/09/2008	07/09/2008

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Disposition

Disposition Date: 07/09/2008
Effective Date (New): 10/15/2008
Effective Date (Renewal): 10/15/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Explanatory Memo and Actuarial Justificaton	Approved	Yes
Form	Ordinance or Law Coverage Extension for Non-conforming Buildings	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Ordinance or Law Coverage Extension for Non-conforming Buildings	AB 93 53	03 08	Endorsement/Amendment/Conditions	New	0.00	SB - Ordinance or Law Coverage for Non-conforming Buildings WRM - Final.pdf

Ordinance or Law Coverage Extension for Non-conforming Buildings - AB 9353 03 08

Policy Amendment Section I Property Coverages

This endorsement modifies insurance provided under the following:

American Business Coverage Property/Liability Policy - AB 9000
Ordinance or Law Coverage Form - AB 9085

1. Coverage for Loss in Value of a Non-conforming Building

The following is added as sub section (d) to Section I - Property Coverages, Part A. Coverages, item 6. j. Coverage Extensions of form AB 9000

If you have Ordinance or Law provided under Ordinance or Law coverage Form AB 9085, the following is added to A.3. to Ordinance or Law coverage Form AB 9085

Coverage (d) – Coverage for Loss in Value of a Non-conforming Building

- (i). If a covered cause of loss results in loss of or damage to covered Building property, we will pay under this coverage for the loss in value of a **non-conforming building**, when a portion of which is not repaired or reconstructed as a consequence of enforcement of any ordinance or law that:
 - (1) Does not permit restoring the **non-conforming building** on the same premises and to the same height, floor area, number of units and occupancy of the original property insured; and
 - (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (3) Is in force at the time of the covered cause of loss.

This coverage only applies after the applicable governmental entity makes a final determination not to grant you a variance necessary to restore the **non-conforming building** on the same premises and to the same height, floor area, number of units and occupancy of the original property insured.

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the **Fireman's Fund Insurance Companies** as named in the policy.



Secretary



President

Coverage (d) is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building property. Coverage D does not increase the Limit of Insurance.

- (ii) When Coverage (d) of this endorsement applies, loss to the covered building, including loss in value of the **non-conforming building** due to enforcement of an ordinance or law, will be determined as follows:
 - (1) If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, then the most we will pay is the lesser of:
 - (a) The amount it would cost to restore the building on the same premises and to the same height, floor area, number of units and occupancy of the original property insured; or
 - (b) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.
 - (2) If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, then the most we will pay is the lesser of:
 - (a) The actual cash value of the building at the time of the loss; or
 - (b) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.

For purposes of this endorsement, actual cash value means the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence.

2. Increased Cost of Construction Due to Municipal Fund Payments

The following is added to Section I - Property Coverages, Part A. Coverages, item 6. j. (b) Coverage Extensions of form AB 9000

If you have Ordinance or Law provided under Ordinance or Law coverage Form AB 9085, the following is added to A.3. of Ordinance or Law coverage Form AB 9085

Increased Cost of Construction Coverage

Payment you are required by law to make to a municipal government in order to obtain a waiver of an applicable zoning or land use ordinance or law will be considered an

increased cost of construction of a **non-conforming building** under a. or b. above, but only when such ordinance or law otherwise would not otherwise permit you to restore the **non-conforming building** on the same premises and to the same height, floor area, number of units and occupancy of the original property insured.

3. Coverage for Loss of Business Income from a Reduction in Leaseable Square Footage of a Non-conforming Building

The following is added to Section I - Property Coverages, Part A. Coverages, item 5. Additional Coverages, part b. Business Income and part i. Extra Expense of form AB 9000

Coverage for Loss of Business Income From a Reduction in Leaseable Square Footage of a Non-conforming Building

- (1) We will pay for the actual loss of Business Income you sustain due to the reduction in leaseable square footage of a **non-conforming building** at the described premises following direct physical loss or damage to the **non-conforming building** which was caused by or resulting from a Covered Cause of Loss during the policy period. The reduction in leaseable square footage must result from the inability to repair or reconstruct a portion of the **non-conforming building** as a consequence of enforcement of any ordinance or law that:
 - (a) Does not permit restoring the **non-conforming building** on the same premises and to the same height, floor area, number of units and occupancy of the original property insured; and
 - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (c) Is in force at the time of the covered cause of loss.
- (2) The most we will pay under this coverage is the lesser of:
 - (a) The difference between the rent income from tenant occupancy of the **non-conforming building** at the described premises and the **rental value** that could reasonably have been anticipated if the **non-conforming building** at the described premises had been restored to the same height, floor area, number of units and occupancy of the original property insured, for 12 months immediately following the **period of restoration**; or
 - (b) The Limit of Insurance shown in the Schedule that applies to Coverage for Loss of Business Income From a Reduction in Leaseable Square Footage of a **non-conforming building**.

This coverage only applies after the applicable governmental entity makes a final determination not to grant a variance necessary to restore the **non-conforming building** on the same premises and to the same height, floor area, number of units and occupancy of the original property insured. The expiration date of this policy will not cut short the duration of the coverage provided by this extension.

4. **Definitions**

As used in this endorsement, “**Non-conforming building**” means a building whose height, floor area, number of units and occupancy was permitted by zoning or land use ordinance or law in effect at the time of original construction, but whose height, floor area, number of units and occupancy is not permitted by zoning or land use ordinance or law in force at the time of the covered cause of loss.

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Rate Information

Rate data does NOT apply to filing.

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Supporting Document Schedules

Satisfied -Name:	Explanatory Memo and Actuarial Justificaton	Review Status:	Approved	07/09/2008
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Comments:

Attachments:

Ord or Law - ABC Filing Mem 6-08.pdf

Actuarial Justification - Ordinance or Law Coverage Extension for Non-Conforming Buildings.pdf

Filing Explanatory Memorandum
Ordinance or Law Coverage Extension for Non-Conforming Buildings

Note: the ensuing descriptions of coverage are provided for your information in order to facilitate review of our filing. The terms, conditions, and exclusions of the actual policy, form the actual contract between the insured and the insurance company.

Introduction

Enclosed for your review and approval is a new optional coverage extension endorsement that modify our Ordinance or Law Coverage Form and Business Income Coverage Form (and Extra Expense) that provides additional coverage if the damaged building cannot be replaced to pre-loss functionality. This endorsement matches our small business property coverage product ABC Advantage.

This endorsement can be used on any account that may have an exposure to loss due to application of ordinance or law.

Ordinance or Law Coverage Extension for Non-conforming Buildings - AB 9353 03 08

Provides the coverage language that modifies insurance protection under the following previously approved Small Business/ABC forms:

- American Business Coverage Property/Liability Policy - AB 9000
- Ordinance or Law Coverage Form - AB 9085

Coverage Endorsements

AB9353 - Ordinance or Law Coverage Extension for Non-conforming Buildings

Coverage Explanation

This endorsement modifies the Ordinance or Law Coverage Form and Business Income Coverage Form (and Extra Expense) to provide additional coverage if the damaged building cannot be replaced to pre-loss functionality due to the enforcement of any ordinance or law that does not permit restoring the non-conforming building on the same premises and to the same height, floor area, number of units and occupancy of the original property insured.

Premium Justification

Rating impact is minimal as this endorsement covers exposures that are non-frequency and non-severity driven.

There is no reliable data to calculate premium for Coverage D – Coverage for Loss in Value of a Non-conforming Building. Our best underwriting judgment, based on our limited loss data and review of changes in building codes and municipal regulations, indicates a 5% surcharge of the currently filed Ordinance or Law Coverage premium.

Increased Cost of Construction Due to Municipal Fund Payments has no rate impact as it will be anticipated under Coverage C – Increased Cost of Construction Coverage.

Coverage for Loss of Business Income from a Reduction in Leaseable Square Footage of a Non-conforming Building has no rate impact because the values will be included in the base Loss of Business Income calculation.

Exhibit for Recommended Charge for Ordinance or Law Coverage Extension for Non-Conforming Buildings

Estimated Frequency	Estimated Severity	Charge
20%	25%	5%