

SERFF Tracking Number: ARMD-125467882 State: Arkansas
Filing Company: Armed Forces Insurance Exchange State Tracking Number: #138018 \$25
Company Tracking Number: AR-U-2I-08-1
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0021 Personal Umbrella and Excess
Product Name: Umbrella
Project Name/Number: 2006 Series Change/

Filing at a Glance

Company: Armed Forces Insurance Exchange

Product Name: Umbrella

SERFF Tr Num: ARMD-125467882 State: Arkansas

TOI: 17.0 Other Liability - Claims
Made/Occurrence

SERFF Status: Closed

State Tr Num: #138018 \$25

Sub-TOI: 17.0021 Personal Umbrella and
Excess

Co Tr Num: AR-U-2I-08-1

State Status: Fees verified and
received

Filing Type: Rule

Co Status: Proofing Completed

Reviewer(s): Alexa Grissom, Betty
Montesi, Brittany Yielding

Authors: Kimberly McMillan, Brian
Savoie, Tama Brzustowicz

Disposition Date: 02/25/2008

Date Submitted: 02/07/2008

Disposition Status: Filed

Effective Date Requested (New): 04/14/2008

Effective Date (New): 04/14/2008

Effective Date Requested (Renewal): 04/14/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: 2006 Series Change

Status of Filing in Domicile: Pending

Project Number:

Domicile Status Comments:

Reference Organization: ISO, Inc.

Reference Number: DL-2006-OUPRU and DL-
2007-ONDE2

Reference Title: Personal Umbrella Liability 2006 Series and Named
Driver Exclusion Rules

Advisory Org. Circular:

Filing Status Changed: 02/25/2008

State Status Changed: 02/25/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Armed Forces Insurance Exchange is an ISO subscriber. The purpose of this filing, as described in further detail in the attached memorandum, is to:

1. Adopt, with modifications, the Personal Umbrella Liability 2006 Series rules as found in ISO Filing Designation

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Number DL-2006-OUPRU.

2. Adopt the Named Driver Exclusion rule as found in ISO Filing Designation Number DL-2007-ONDE2.

3. Re-introduce an independent Punitive Damages Exclusion.

This filing is submitted under the 'File and Use' provisions of Arkansas Insurance Laws Section 23-67-211 and will be applicable to all policies effective on or after 14 April 2008.

Company and Contact

Filing Contact Information

Kimberly McMillan, Supervisor, Regulatory Compliance regcomp@afi.org
 550 Eisenhower Rd (800) 828-7732 [Phone]
 Leavenworth, KS 66048 (800) 664-9320[FAX]

Filing Company Information

Armed Forces Insurance Exchange CoCode: 41459 State of Domicile: Kansas
 550 Eisenhower Rd Group Code: Company Type: P&C
 Leavenworth, KS 66048 Group Name: State ID Number:
 (800) 828-7732 ext. [Phone] FEIN Number: 48-0933281

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Armed Forces Insurance Exchange	\$0.00	02/07/2008	

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	02/25/2008	02/25/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Alexa Grissom	02/15/2008	02/15/2008	Tama Brzustowicz	02/21/2008	02/21/2008
Industry Response						

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Filing Fee Objection	Note To Reviewer	Tama Brzustowicz	02/15/2008	02/15/2008

SERFF Tracking Number: ARMD-125467882 State: Arkansas
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Disposition

Disposition Date: 02/25/2008

Effective Date (New): 04/14/2008

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	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	Filing Memorandum AR-U-2I-08-1	Filed	Yes
Rate	Personal Umbrella Liability Policy Program Manual	Filed	Yes

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Product Name: Umbrella
Project Name/Number: 2006 Series Change/

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 02/15/2008

Submitted Date 02/15/2008

Respond By Date

Dear Kimberly McMillan,

This will acknowledge receipt of the captioned filing. Please submit the \$100 filing fee.

Please feel free to contact me if you have questions.

Sincerely,

Alexa Grissom

Response Letter

Response Letter Status Submitted to State

Response Letter Date 02/21/2008

Submitted Date 02/21/2008

Dear Alexa Grissom,

Comments:

Response 1

Comments: Per your request, this response will be a reminder to you that we mailed our \$50.00 fee for this filing on Monday, 11 Feb. Since I was confused over the correct fee amount, I called Ms. Harrington last week to ask her guidance. She advised me of the \$50.00 amount. You agreed this is acceptable. Thank you.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

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Note To Reviewer

Created By:

Tama Brzustowicz on 02/15/2008 03:04 PM

Subject:

Filing Fee Objection

Comments:

Dear Ms. Grissom,

Per your request, this response will be a reminder to you that we mailed our \$50.00 fee for this filing on Monday, 11 Feb. Since I was confused over the correct fee amount, I called Ms. Harrington last week to ask her guidance. She advised me of the \$50.00 amount. You agreed this is acceptable. Thank you.

Tama L. Brzustowicz

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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:
Filed	Personal Umbrella Liability Policy Program Manual	Manual and Page Checklist	Replacement	AR-U-6I-05-1 Manual AR-U-2I-08-1.pdf

**ARMED FORCES INSURANCE EXCHANGE
PERSONAL UMBRELLA LIABILITY POLICY PROGRAM MANUAL
PAGE CHECKLIST
AR-U-2I-08-1
ARKANSAS (03)**

Effective Date: 14 April 2008

RULE PAGES

RULE NUMBER	PAGE NUMBER	FILING NUMBER
1	RU-1-1	AR-U-2I-08-1
2	RU-2-3-1	AR-U-2I-08-1
3		
4	RU-4-1	AR-U-2I-08-1
	RU-4-2	
5	RU-5-11-1	AR-U-2I-08-1
6		
7		
8		
9		
10		
11		
12	RU-12-1	AR-U-2I-08-1
13	RU-13-1	AR-U-2I-08-1
	RU-13-2	
	RU-13-3	
14	RU-14-15-1	AR-U-2I-08-1
15		
Spec State Reqs	SR-1	AR-U-2I-08-1
Territory Definitions	T-1	AR-U-2I-08-1

RATE PAGES

PAGE NUMBER	FILING NUMBER
RA-1	AR-U-2I-08-1
RA-2	AR-U-2I-08-1
RA-3	AR-U-2I-08-1

**ARMED FORCES INSURANCE EXCHANGE
PERSONAL UMBRELLA LIABILITY POLICY PROGRAM MANUAL
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**SECTION I
COVERAGE AND DEFINITION TYPE RULES**

**RULE 1.
INTRODUCTION**

A. About The Personal Umbrella Liability Manual

This Manual contains the rules and rating provisions governing the writing of the Personal Umbrella Liability Policy. The rules, rates, forms and endorsements of [Armed Forces Insurance Exchange](#) shall govern in all cases not specifically provided for in this Manual.

Unless otherwise specified, "policy" refers to the Personal Umbrella Liability Policy.

B. Manual Structure

1. Contents

This Personal Umbrella Liability Policy Program Manual contains the rules, classifications and rating provisions for the issuance of a Personal Umbrella Liability Policy in the state of [Arkansas](#).

This electronic online version of our Personal Umbrella Liability Policy Program Manual is color coded as follows:

ISO's Multi-state General Rules (Black Font) References

[ISO's State Exceptions \(Red Font\) References](#)

[Armed Forces Insurance Exchange Modifications \(Blue Font\)](#)

[Armed Forces Insurance Exchange Modifications to ISO's State Exceptions \(Fuchsia Font\) References](#)

The manual rules do not contain premiums, rates, or charges or credits expressed in dollars and cents. They do, however, contain rating factors that are applied to state rates or premiums.

2. Manual Rules And Rates

These rules and rates are grouped into the following sections:

- a. Section I – Coverage And Definition Type Rules
- b. Section II – Servicing Type Rules
- c. Section III – Premium Computation Rules
- d. [Section IV – Special State Requirements](#)
- e. [Section V – Territory Definitions](#)
- f. [Section VI – Rates](#)

**ARMED FORCES INSURANCE EXCHANGE
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**RULE 2.
ELIGIBILITY**

Eligibility requirements for individuals to participate in the Personal Umbrella Liability Policy Program will be governed by the Bylaws of Armed Forces Insurance Exchange with all applicable laws, rules, forms and rates.

- A. A Personal Umbrella Liability Policy may be issued to:
1. An individual; or
 2. A husband and wife who are residents in the same household. Both husband and wife who are residents in the same household may be listed as named insureds on the declarations page.
- B. A Personal Umbrella Liability Policy shall not be issued to cover any locations to which farm forms or rates apply under the rules of the company.
- C. An adequate program of underlying insurance, as determined by [Armed Forces Insurance Exchange](#), must be maintained by the insured and scheduled in the declarations page. At a minimum, underlying coverages must include:
1. A Homeowner's or a Personal Liability Policy, or equivalent; and
 2. A Personal Auto Policy, or equivalent.
- Use Personal Umbrella Liability Policy Auto Liability Exclusion Endorsement **DL 98 11** to waive the auto policy eligibility requirements.
- D. The Personal Umbrella Liability Policy must be written separately from any other policy form, including a Homeowner's Policy, a Dwelling Policy, a Personal Liability Policy or a Personal Auto Policy.

**RULE 3.
DESCRIPTION OF COVERAGES**

The following is a general description of the coverages provided by the Personal Umbrella Liability Policy Form.

- A. A standard coverage form is available to provide:
1. Bodily injury, property damage and personal injury coverages in excess of the retained limit.
 2. Higher limits of insurance over primary underlying coverage;
 3. Broader coverage than is generally available under primary underlying coverage, in certain areas.
- B. The Personal Umbrella Liability Policy does not provide coverage for the liability of the insured arising out of business activities, except under certain situations as provided in the policy.
- C. The policy should be consulted for exact contract provisions. Refer to:
1. Personal Umbrella Liability Policy **DL 98 01**.
 2. Mandatory endorsements in the [Special State Requirements](#) part of this Manual.
 3. Optional endorsements – see Rule 4.

**ARMED FORCES INSURANCE EXCHANGE
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**RULE 4.
DESCRIPTION OF OPTIONAL ENDORSEMENTS**

The endorsements in this rule may be used with the Personal Umbrella Liability Policy. Refer to each endorsement to determine its content.

A. Named Driver Exclusion

1. Description

A Personal Umbrella Liability Policy may be endorsed to exclude specified automobile liability coverage with respect to a specifically excluded individual.

2. Requirements

- a. The named insured must acknowledge, in writing, the named driver exclusion endorsement.
- b. The named driver exclusion endorsement shall remain in effect:
 - (1) For the term of the policy; and
 - (2) For each renewal, reinstatement, substitute, modified, replacement or amended policy; unless discontinued by the insurer.
- c. If a named driver exclusion endorsement is attached to the policy, the premiums charged shall not reflect any rating factors, charges or credits applicable to the named excluded driver with respect to the automobile liability coverage excluded under the named driver exclusion endorsement.

3. Endorsement

Use Personal Umbrella Liability Policy Named Driver Exclusion Endorsement – Arkansas **DL 99 38**.

B. Auto Liability Exclusion Endorsement

1. Description Of Coverage

- a. This endorsement excludes all auto liability coverage for an insured who has neither owned nor non-owned auto exposures.
- b. A premium credit shall be applied when this endorsement is used. Refer to [Rate Table II](#) for the amount of such credit.

2. Endorsement

Use Personal Umbrella Liability Policy Auto Liability Exclusion Endorsement **DL 98 11**.

C. Exclusion – Designated Auto Endorsement

1. Description Of Coverage

- a. This endorsement excludes one or more designated autos.
- b. No premium charge shall be made for any such designated autos.

2. Endorsement

Use Personal Umbrella Liability Policy Exclusion – Designated Auto Endorsement **DL 98 13**.

D. Exclusion – Designated Recreational Motor Vehicle Endorsement

1. Description Of Coverage

- a. This endorsement excludes one or more designated recreational motor vehicles.
- b. No premium charge shall be made for any such designated recreational motor vehicles.

2. Endorsement

Use Personal Umbrella Liability Policy Exclusion – Designated Recreational Motor Vehicle Endorsement **DL 98 14**.

E. Exclusion – Designated Watercraft Endorsement

1. Description Of Coverage

- a. This endorsement excludes one or more designated watercraft.
- b. No premium charge shall be made for any such designated watercraft.

2. Endorsement

Use Personal Umbrella Liability Policy Exclusion – Designated Watercraft Endorsement **DL 98 15**.

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**RULE 4.
DESCRIPTION OF OPTIONAL ENDORSEMENTS (cont)**

F. Exclusion – All Hazards In Connection With Designated Premises Endorsement

1. Description Of Coverage

- a. This endorsement excludes one or more designated premises.
- b. No premium charge shall be made for any such designated premises.

2. Endorsement

Use Personal Umbrella Liability Policy Exclusion – Designated Premises Endorsement **DL 98 16**.

G. Miscellaneous Type Vehicle, Watercraft And Motor Home Exclusion Endorsements

1. Description Of Coverage

- a. These endorsements may be used to exclude liability coverage with respect to motorcycles, mopeds, watercraft, recreational motor vehicles (such as all-terrain vehicles, dune buggies, golf carts and snowmobiles) and motor homes.
- b. No premium adjustment is required to be made with such endorsements.

2. Endorsements

- a. Use Personal Umbrella Liability Policy Exclusion – Motorcycle Or Moped Endorsement **DL 98 24**, to exclude personal liability coverage with respect to motorcycles and mopeds.
- b. Use Personal Umbrella Liability Policy Exclusion – Watercraft Endorsement **DL 98 25**, to exclude personal liability coverage with respect to watercraft.
- c. Use Personal Umbrella Liability Policy Exclusion – Recreational Motor Vehicle Endorsement **DL 98 26**, to exclude personal liability coverage with respect to recreational motor vehicles.
- d. Use Personal Umbrella Liability Policy Exclusion – Motor Home Endorsement **DL 98 30**, to exclude personal liability coverage with respect to motor homes.

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**SECTION II
SERVICING TYPE RULES**

**RULE 5.
POLICY PERIOD**

- A. The policy may be written for a period of one year and may be extended for successive policy periods based upon the forms, premiums and endorsements then in effect for the company.
 - B. For the establishment of common anniversary dates with the underlying insurance program, a policy may be written for a period less than one year.
 - C. Premiums for policies written for a period of less than one year shall be computed on a pro rata basis.
-

**RULE 6.
CHANGES OR CANCELLATIONS**

If insurance is increased, cancelled or reduced, the additional or return premium shall be computed on a pro rata basis.

**RULE 7.
MANUAL PREMIUM REVISION**

A manual premium revision shall be made in accordance with the following procedures:

- A. The effective or distribution date of such revision shall be [as announced](#).
 - B. The revision shall apply to any policy or endorsement in the manner outlined [in the announcement of the revision](#).
 - C. Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect in-force policy forms, endorsements or premiums, until the policy is renewed.
-

**RULE 8.
MINIMUM PREMIUM**

- A. [A minimum premium of \\$100 will be charged for each \\$1,000,000 of coverage](#).
 - B. The minimum premium may include all chargeable endorsements or coverages for Personal Umbrella Liability if written at inception of the policy.
-

**RULE 9.
WAIVER OF PREMIUM**

When a policy is endorsed after the inception date and results in a minimal premium adjustment, [no](#) additional or return premium may be waived.

**RULE 10.
WHOLE DOLLAR PREMIUM**

The premium [shall](#) be rounded to the nearest whole dollar. A premium of fifty cents (\$.50) or more [will](#) be rounded to the next higher whole dollar.

**RULE 11.
RESTRICTION OF INDIVIDUAL POLICIES**

If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed.

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RULE 12.
RESERVED FOR FUTURE USE

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**SECTION III
PREMIUM COMPUTATION RULES**

**RULE 13.
PREMIUM DETERMINATION**

A. Premium Computation

1. The basic limit of liability is \$1,000,000 per occurrence. Increased limits are available. Premiums displayed in this manual are applicable to this basic limit with the required underlying insurance (shown on the declarations page, policy jacket, and rate pages) and a \$250 deductible.

To compute the annual total Basic Premium for a policy with a \$1,000,000 limit and a \$250 deductible applicable to losses not covered by underlying insurance, multiply the Territory Base Premium by the factor for the number of Drivers/Vehicles and the factor for the number of Youthful Operators, and round to the nearest whole dollar.

The total of the annual Basic Premium plus the premiums for any additional coverages are then multiplied by the factors for Underlying Coverages and Underlying Insurer.

2. The rating exposures present at the inception of the policy period shall be used to determine the company annual total premium. No company premium adjustment shall be made during the policy period because of changes in any such rating exposures.
3. The basic limit plus any increased limits must apply to all exposures.

B. Territory Base Premium

Determine the territory base premium from Table I found on the rate page, based on the street address of the residence premises shown in the policy declarations at the inception of the policy period.

C. Exposure Categories

Determine the appropriate rating factors or charges from rate page Tables II, III, and IV, respectively, for the exposure categories listed in Subparagraphs 1. through 3.

1. Auto Exposures

The base rate contemplates a charge for one owned auto. If there are auto exposures other than one owned auto, determine the appropriate rating factor from Table II.

a. Definition Of Owned Auto or Recreational Vehicle

An owned auto, as used in this Manual, is a private passenger motor vehicle owned or leased under contract for a continuous period of at least six months that:

- (1) Meets the eligibility requirements of Rule 2.C.;
- (2) Is not used as a public or livery conveyance for passengers; and
- (3) Is not rented to others.

An owned auto includes a:

- Pickup;
- Van;
- Sports utility vehicle;
- Moped;
- Motorcycle; and
- Motor home, which is a self-propelled motor vehicle with a living area that is an integral part of the vehicle chassis and typically consists of cooking, dining, sleeping, plumbing or refrigeration facilities.

A recreational motor vehicle, as used in this Manual, is an all-terrain vehicle, dune buggy, golf cart, snowmobile or any other motorized land vehicle which is designed for recreational use off public roads.

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**RULE 13.
PREMIUM DETERMINATION (cont)**

b. No Owned Autos/Recreational Vehicles or No Auto/Recreational Vehicles Exposure

Select the "Number of Vehicles = 0" rating factor from Table II, if there are no owned autos/recreational vehicles or only the non-owned auto/recreational vehicles exposure exists.

c. Additional Owned Autos/Recreational Vehicles

(1) Select the appropriate owned auto rating factor from Table II based on the total number of additional owned autos/recreational vehicles.

(2) Do not add a rating factor for any owned autos/recreational vehicles specifically excluded from coverage under the policy.

d. Youthful Operators

Select the appropriate youthful operator rating factor from Table III based on the number of drivers under the age of 25.

Multiply the Territory Base Premium by the factors from:

* Step C.1.a., b., or c., and

* Step C.1.d.

Round the result to the nearest whole dollar.

2. Locations Exposures

The base rate contemplates a charge for all owned residence premises.

a. Definition

An additional rented location, as used in this Manual, is either:

(1) A rented one to four family dwelling, or

(2) A rented condominium, cooperative or apartment unit.

b. Additional Locations Rented To Others

(1) Add an additional locations rented to others charge from Table IV.B. to the results from Step C.1. for each such location, whether or not also occupied by the named insured.

(2) Do not add a charge for any additional locations rented to others excluded from coverage under the policy.

3. Watercraft Exposures

a. Definition

A watercraft, as used in this Manual, is either:

(1) A sailboat 26 feet or more in length, with or without auxiliary power; or

(2) Any other type of motorized boat, including personal watercraft, with outboard, inboard or inboard-outdrive motors exceeding 25 horsepower.

b. Covered Watercraft

Add the appropriate charge for each such watercraft based on the descriptions provided in Table IV.A. to the results from Step C.1.

c. Excluded Watercraft

Do not add a rating charge for any watercraft excluded from coverage under the policy.

Note

Refer to both the Personal Umbrella Liability Policy and to all policies of underlying insurance, except the Personal Auto Policy or equivalent, to determine which watercraft are excluded from coverage.

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**RULE 13.
PREMIUM DETERMINATION (cont)**

D. Underlying Insurance Premium Adjustments

- The rates on the rate pages are for a policy with a \$1,000,000 limit and the following [underlying insurance limits](#):

TYPE OF POLICY	MINIMUM AMOUNTS REQUIRED
Comprehensive Personal Liability Including Residence Premises Rented to Others	\$300,000 each occurrence
Automobile Liability	Bodily Injury \$300,000 per person \$500,000 per occurrence Property Damage \$50,000 per occurrence OR \$500,000 combined single limit (CSL)
Motorcycle Liability Watercraft Liability Recreational Motor Vehicle Liability	Bodily Injury \$300,000 per person \$500,000 per occurrence Property Damage \$50,000 per occurrence OR \$300,000 combined single limit (CSL)

- For underlying insurance with either higher or lower limits of liability, select the appropriate factor from [Table V](#) on the rate pages. Multiply this factor by the result of [Step C.1.](#) + [Steps C.2.](#) and [C.3.](#), if applicable.

E. Charge For Underlying Insurance Written With Another Company

- The base premium contemplates a policy in which all underlying insurance is issued by Armed Forces Insurance Exchange.
- If there is any underlying insurance which is not issued by Armed Forces Insurance Exchange, multiply the results of [Step D.](#) by 1.25. A minimum premium of \$100 applies to the final result.

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**RULE 14.
DEDUCTIBLES**

A deductible of \$250 applies to losses not covered by underlying insurance.

**RULE 15.
INCREASED LIMITS or RESERVED FOR FUTURE USE**

A. The basic limit of liability coverage under the Personal Umbrella Liability Policy is \$1,000,000 for each occurrence. This limit may be increased for an additional premium.

The premium for each additional million must be computed separately. A minimum premium of \$100 applies to each million dollar level.

B. Refer to Table 15.B. for limits of liability greater than \$1,000,000. Multiply the first \$1,000,000 premium developed in Rule 13. by the appropriate increased limit factor for each additional million dollars in coverage.

Limit	Factor
\$ 2,000,000	.75
3,000,000	.56
4,000,000	.42
5,000,000	.32

Table 15.B. Increased Limits Factors

C. Add the resulting premiums together to arrive at the Final Policy Premium.

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SECTION IV

SPECIAL STATE REQUIREMENTS

Use these endorsements with all Personal Umbrella Liability Policies.

Amendment of Policy Provisions - Arkansas **DL 98 86**

Personal Umbrella Liability Policy Exclusion – Auto Liability Following Form Endorsement **DL 98 12**

Personal Umbrella Liability Policy Exclusion – Punitive Damages Endorsement **DL AF 52**

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SECTION V
TERRITORY DEFINITIONS

<u>County</u>	<u>Code</u>
Entire State	001

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**SECTION VI
RATES**

RATING EXAMPLE

Territory: 001	Watercraft: 14 ft/40 hp
Number of Vehicles: 2	Underlying Coverage: Auto 300,000/500,000/50,000
Number of Drivers: 3	Personal Liability 500,000
Youthful Drivers: 1	Underlying Insurance w/AFI: No

1 Million

Territory Base Premium	95.00
x Driver/Vehicle Factor	1.50
x Youthful Operators Factor	1.25
= Base Subtotal (round)	178.00
+ Additional Coverages	6.00
= Subtotal	184.00
x Underlying Limits Factor	1.00
x Underlying Insurer Factor	1.25
= 1m Umbrella Premium (round)	230.00
(if < \$100 then	
\$100 = 1m Umbrella Premium)	230.00

2 Million

1m Umbrella Premium	230.00
x Increased limits factor	0.75
= 2m Umbrella Premium (round)	173.00
(if < \$100 then	
\$100 = 2m Umbrella Premium)	173.00

1m Umbrella Premium	230.00
+ 2m Umbrella Premium	173.00
= Total 2m Umbrella Premium	403.00

3 Million

1m Umbrella Premium	230.00
x Increased limits factor	0.56
= 3m Umbrella Premium (round)	129.00
(if < \$100 then	
\$100 = 3m Umbrella Premium)	129.00

1m Umbrella Premium	230.00
+ 2m Umbrella Premium	173.00
+ 3m Umbrella Premium	129.00
= Total 3m Umbrella Premium	532.00

4 Million

1m Umbrella Premium	230.00
x Increased limits factor	0.42
= 4m Umbrella Premium (round)	97.00
(if < \$100 then	
\$100 = 4m Umbrella Premium)	100.00

1m Umbrella Premium	230.00
+ 2m Umbrella Premium	173.00
+ 3m Umbrella Premium	129.00
+ 4m Umbrella Premium	100.00
= Total 4m Umbrella Premium	632.00

5 Million

1m Umbrella Premium	230.00
x Increased limits factor	0.32
= 5m Umbrella Premium (round)	74.00
(if < \$100 then	
\$100 = 5m Umbrella Premium)	100.00

1m Umbrella Premium	230.00
+ 2m Umbrella Premium	173.00
+ 3m Umbrella Premium	129.00
+ 4m Umbrella Premium	100.00
+ 5m Umbrella Premium	100.00
= Total 5m Umbrella Premium	732.00

**ARMED FORCES INSURANCE EXCHANGE
PERSONAL UMBRELLA LIABILITY POLICY PROGRAM MANUAL
ARKANSAS (03)**

RATE TABLES

TABLE I – TERRITORY BASE PREMIUM

<p>TERRITORY 001</p>	<p>BASE PREMIUM \$ 95</p>
<p>INCLUDES: 1. One vehicle and one driver; 2. All residence premises occupied by the insured; and 3. Watercraft under 25 HP and under 26 FT in length.</p>	

TABLE II – DRIVERS/MOTOR VEHICLE FACTOR

NUMBER OF VEHICLES*	NUMBER OF DRIVERS							
	0	1	2	3	4	5	6	> 6
0	0.60	0.63	0.66	0.66	0.66	0.66	0.66	0.66
1	0.96	1.00	1.06	1.10	1.10	1.10	1.10	1.10
2	1.21	1.36	1.43	1.50	1.57	1.57	1.57	1.57
3	1.40	1.59	1.77	1.86	1.96	2.04	2.04	2.04
4	1.40	1.71	1.94	2.17	2.29	2.40	2.51	2.51
5	1.40	1.71	2.04	2.31	2.59	2.71	2.86	3.00
6	1.40	1.71	2.04	2.36	2.67	2.99	3.14	3.30
>6	1.40	1.71	2.04	2.36	2.70	3.04	3.40	3.57

* Includes all Autos, Trucks, Motorcycles, Motorized Homes and Recreational Vehicles

TABLE III – YOUTHFUL OPERATORS FACTOR

<p>NUMBER OF YOUTHFUL DRIVERS</p>	<p>RATING FACTOR</p>
<p>0</p> <p>1</p> <p>2</p> <p>3 or more</p>	<p>1.00</p> <p>1.25</p> <p>1.50</p> <p>1.75</p>
<p>Age is determined by subtracting the date of birth from the effective date of the policy or renewal. A Youthful Driver is any driver under age 25.</p>	

**ARMED FORCES INSURANCE EXCHANGE
PERSONAL UMBRELLA LIABILITY POLICY PROGRAM MANUAL
ARKANSAS (03)**

TABLE IV – ADDITIONAL COVERAGES

A. WATERCRAFT			
Watercraft powered by outboard, inboard or inboard-outdrive motors. Accumulate total horsepower if two or more motors are regularly used together with any single watercraft owned by insured.			
1. Watercraft less than 26 feet in length			
		Length of Watercraft	
Horsepower		Up to 15 Feet	Over 15 to 26 Feet
Up to 50*		\$ 6	\$ 10
51 to 100		11	15
101 to 150		15	19
151 to 200		20	23
Over 200		24	28
2. Watercraft more than 26 feet in length		\$ 28	
3. Sailboats with or without auxiliary power			
26 to 40 feet*		\$ 6	
Over 40 feet		11	
* Outboard motors of up to 25 horsepower or sailboats less than 26 feet with or without auxiliary power are covered in the basic coverage.			
B. RESIDENCE PREMISES – RENTED TO OTHERS			
Per Living Unit		\$ 6	

TABLE V – UNDERLYING LIMITS FACTORS

Factors apply based on the amount of underlying coverages. If all underlying limits are equal to or greater than those shown, the factor for that section will apply.

Section	UNDERLYING COVERAGES			Underlying Limits Factor
	Personal Liability*	Automobile Liability	Motorcycle, Watercraft Or Recreational Vehicle Liability	
A	100,000	100,000/300,000/ 25,000 or 100,000 CSL	100,000/300,000/ 25,000 or 100,000 CSL	1.85
B	200,000	200,000/500,000/ 25,000 or 300,000 CSL	200,000/500,000/ 25,000 or 300,000 CSL	1.30
C	300,000	300,000/500,000/ 50,000 or 500,000 CSL	300,000/500,000/ 50,000 or 300,000 CSL	1.00
D	400,000	400,000/500,000/ 50,000 or 500,000 CSL	400,000/500,000/ 50,000 or 400,000 CSL	.95
E	500,000	500,000/1,000,000/ 50,000 or 500,000 CSL	500,000/1,000,000/ 50,000 or 500,000 CSL	.85
* Includes Residences Rented to Others				

SERFF Tracking Number: ARMD-125467882 State: Arkansas
Filing Company: Armed Forces Insurance Exchange State Tracking Number: #138018 \$25
Company Tracking Number: AR-U-2I-08-1
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0021 Personal Umbrella and Excess
Product Name: Umbrella
Project Name/Number: 2006 Series Change/

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 02/25/2008

Comments:

Attachment:

PC-TD-1 AR-U-2I-08-1.pdf

Bypassed -Name: NAIC Loss Cost Filing Document
for OTHER than Workers' Comp **Review Status:** Filed 02/25/2008

Bypass Reason: This does not pertain to this filing since it does not include a rate action.

Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 02/25/2008

Bypass Reason: This does not pertain to this filing since it does not include a rate action.

Comments:

Satisfied -Name: Filing Memorandum AR-U-2I-08-1 **Review Status:** Filed 02/25/2008

Comments:

Attachment:

Filing Memorandum AR-U-2I-08-1.pdf

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: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Armed Forces Insurance Exchange	KS	41459	48-0933281	03

5. Company Tracking Number	AR-U-2I-08-1
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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
	Kimberly McMillan 550 Eisenhower Road Leavenworth, KS 66048	Supervisor, Regulatory Compliance	800-828-7732 X: 4624	800-664-9320	regcomp@afi.org

7. Signature of authorized filer	
8. Please print name of authorized filer	Kimberly McMillan, CPCU

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	17.0000 Other Liability
10.	Sub-Type of Insurance (Sub-TOI)	17.0021 Umbrella and Excess (Personal)
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Personal Umbrella Liability Policy 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: 14 April 2008 Renewal: 14 April 2008
15.	Reference Filing?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	Insurance Services Offices, Inc.
17.	Reference Organization # & Title	DL-2006-OUPRU and DL-2007-ONDE2
18.	Company's Date of Filing	7 February 2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	AR-U-2I-08-1
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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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Armed Forces Insurance Exchange is an ISO subscriber. The purpose of this filing, as described in further detail in the attached memorandum, is to:

1. Adopt, with modifications, the Personal Umbrella Liability 2006 Series rules as found in ISO Filing Designation Number DL-2006-OUPRU.
2. Adopt the Named Driver Exclusion rule as found in ISO Filing Designation Number DL-2007-ONDE2.
3. Re-introduce an independent Punitive Damages Exclusion.

This filing is submitted under the 'File and Use' provisions of Arkansas Insurance Laws Section 23-67-211 and will be applicable to all policies effective on or after 14 April 2008.

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 #:
Amount:

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

*****Refer to the 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 #	AR-U-2I-08-1
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	N/A
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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)
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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)

4b.	Rate Change by Company (As Accepted) For State Use Only
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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)
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		COMPANY USE	STATE USE
5a	Overall percentage rate indication (when applicable)		
5b	Overall percentage rate impact for this filing		
5c	Effect of Rate Filing – Written premium change for this program		
5d	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	-2.07%
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7.	Effective Date of last rate revision	27 March 2000
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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	Personal Umbrella Liability Policy Manual	[] New [x] Replacement [] Withdrawn	



Armed Forces Insurance
EXCHANGE

FILING MEMORANDUM
ARKANSAS PERSONAL UMBRELLA LIABILITY POLICY PROGRAM
Our Filing Number: AR-U-2I-08-1

Details of the revisions associated with this filing, and briefly addressed under the General Information tab, are as follows:

ADOPTION OF ISO PERSONAL UMBRELLA LIABILITY 2006 SERIES RULES:

In order to provide clarification and detail in support of ISO coverages and forms, we are filing to replace our entire Personal Umbrella Liability Policy Program manual with a new manual, based on the following modified contents and format of the 2006 Series rules found in ISO filing DL-2006-OUPRU:

Because we are maintaining our current rating structure rather than adopting ISO's premium development procedures, the following references in the ISO manual rules are not applicable and have been modified or deleted as noted:

- Deleted reference to "the company" or "company", or replaced such references with our company's name.
- Deleted reference to "state exception pages", or replaced such references with reference to our "Special State Requirements" section.
- Added reference, where applicable, to our AFI Rate Tables.

RULE 1. INTRODUCTION

- We have added reference to our AFI electronic manual formatting guidelines.
- We have expanded listed sections of our manual to incorporate Special State Requirements, Territory Definitions and Rates sections.
- We have deleted the entire section referring to ISO Loss Costs/Rates. We will maintain our previously approved rating structure.

RULE 2. ELIGIBILITY

- We have incorporated our current AFI manual Rule 1. as an introductory paragraph in this section.

RULE 3. DESCRIPTION OF COVERAGES

- Since we are non-adopting the new optional business activities coverage endorsements, we have deleted reference, in Item B, to these options.

AR Umbrella Liability Policy Program Filing Memorandum - Page 2

RULE 4. DESCRIPTION OF OPTIONAL ENDORSEMENTS

- Item A. has been deleted. We use the declarations page in lieu of ISO Change Endorsement DL 98 10.
- Item C. has been deleted. We apply the Following Form Endorsement DL 98 12 as a mandatory form, rather than offering as an optional endorsement.
- Item J. has been deleted. At this time, we are not offering business activity coverage in the Umbrella program.
- Item K. has been deleted. We are not offering the 'Assisted Living Care Liability' option at this time.
- Item L. has been deleted. We are not offering a Trust Endorsement at this time.

RULE 5. POLICY PERIOD

- Item B.2. has been deleted. We do not write a policy for a period greater than 1 year.

RULE 8. DESCRIPTION OF OPTIONAL ENDORSEMENTS

- Under Item A., we have deleted ISO wording and incorporated our current Manual Rule 7. (minimum \$100 premium) into this section.

RULE 9. WAIVER OF PREMIUM

- We have modified this rule to reflect that no additional or return premium may be waived.

RULE 10. WHOLE DOLLAR PREMIUM

- We have modified this rule to reflect premium shall, rather than may, be rounded to the nearest whole dollar.

RULE 12. RESERVED FOR FUTURE USE

- We have deleted this rule.

RULE 13. PREMIUM DETERMINATION

- We have modified this rule to incorporate our Umbrella Program base rating structure and premium development sequence found in our current Manual Rule I. 'Basic Premium Computation'. Although we are unable to use ISO's rating algorithm due to current system rating constraints, we are maintaining the majority of ISO's rule definitions and guidelines for clarification purposes.
- We have also deleted or modified portions of the rule which refer to rating categories which our current programming and rating structure cannot or do not support – i.e. 'Additional Locations Not Rented to Others' or specific 'Recreational Vehicle Exposures'.
- Item A. We have incorporated our current Manual Rule 6. 'Limit of Liability' into this section.
- Item B. We have replaced reference to 'Company Base Rate' with 'Territory Base Premium'.
-

AR Umbrella Liability Policy Program Filing Memorandum - Page 3

- Item C. This item is deleted. Our current rating algorithm does not use a final rating factor.
- Item D. We have modified this item to accommodate our current rating structure and exposure categories.
- Item E. We have deleted 'Business Endorsement Categories' because we will not write these coverages.
- Item F. We have deleted 'Other Endorsements Categories' because we will not write these coverages.
- Item G. This section, 'Company Attachment Points', has been renamed 'Underlying Insurance Premium Adjustments'. We have incorporated the introductory table from our current Manual Rate pages into this section of the manual.
- Item H. We have incorporated our current Manual Rate Table VI 'Underlying Insurer Factors' into this rule.

RULE 14. DEDUCTIBLES

- We have maintained reference to a \$250 deductible for losses not covered by underlying insurance.

RULE 15. INCREASED LIMITS

- We have modified this rule to incorporate the contents of our current AFI Manual 'Increased Limits' Rule II.

SPECIAL STATE REQUIREMENTS

- We have added this section to maintain reference to any current state specific requirements and/or mandatory forms.

TERRITORY DEFINITIONS

- We have added a Territory Definitions page to maintain reference to current applicable territory codes.

RATE PAGES:

We have added pages RA-1 thru RA-3 to house our current Rating Example and remaining current Manual Rate Tables I through V.

AR Umbrella Liability Policy Program Filing Memorandum - Page 4

1. ADOPTION OF ISO NAMED DRIVER EXCLUSION RULE:

We are filing to adopt ISO Filing Designation Number DL-2007-ONDE2. This filing introduced a Named Driver Exclusion rule for the Arkansas Personal Umbrella Liability Program.

However, because we do not use the ISO Personal Umbrella Liability Manual, we are modifying our adoption of DL-2007-ONDE2 by incorporating the content of the ISO Named Driver Exclusion Additional Rule into our manual under Rule 4.A.

2. RE-INTRODUCTION OF PUNITIVE DAMAGES EXCLUSION:

Based on our reinsurer's review of our Umbrella Program, it has been recommended that we amend the ISO Umbrella Policy to specifically exclude coverage for punitive damages.

Prior to our recent adoption of the ISO 98 Series Umbrella policy form, we provided umbrella coverage via an independently created policy which included punitive damages exclusion. This exclusion indicated we did not insure liability arising from "*punitive damages, fines, penalties, exemplary damages, treble damages, or any other damages resulting from the multiplication of compensatory damages.*"

Unlike our previous independent policy, the ISO Umbrella Policy Form remains silent on the issue of punitive damages. It is therefore our intent to amend the ISO Umbrella Policy to mirror the punitive damages exclusion found in our prior policy. Since our Umbrella pricing structure has never contemplated coverage for punitive damages, and because our prior adoption of the ISO 98 Series Policy was considered a rate neutral activity, the proposed amendment should not be considered a reduction in coverage but, rather, a return to a liability risk level commensurate with the premium charged.

DL AF 52, Punitive Damages Exclusion Endorsement, has been developed using the language found in our previously approved prior independent policy exclusion. However, for clarification purposes, the exclusion in DL AF 52 has been expanded to incorporate a definition of punitive or exemplary damages.

To accommodate our newly proposed endorsement, a statement is added under "Special State Requirements" in our new 2006 Series Umbrella Manual to indicate that Punitive Damages Exclusion Endorsement DL AF 52 must be attached to every Umbrella policy.