

SERFF Tracking Number: *ARGN-125588269* *State:* *Arkansas*
Filing Company: *Colony Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *CSIC-PL-ACCT-AR-R-2008*
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1019 Professional Errors & Omissions Liability*

Product Name: *Accountants Professional Liability*
Project Name/Number: *CYPRESS PL - ACCT/*

Filing at a Glance

Company: Colony Specialty Insurance Company

Product Name: Accountants Professional Liability SERFF Tr Num: ARGN-125588269 State: Arkansas

TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed State Tr Num: EFT \$100
 Sub-TOI: 17.1019 Professional Errors & Omissions Liability Co Tr Num: CSIC-PL-ACCT-AR-R-2008 State Status: Fees verified and received
 Filing Type: Rate/Rule Co Status: Reviewer(s): Betty Montesi, Edith Roberts

Authors: Maggie Welk, Donna Pyle, Disposition Date: 07/10/2008
Ellen Canestrano

Date Submitted: 06/18/2008 Disposition Status: Filed

Effective Date Requested (New): 07/19/2008

Effective Date (New):

Effective Date Requested (Renewal): 07/19/2008

Effective Date (Renewal):

State Filing Description:

General Information

Project Name: CYPRESS PL - ACCT

Status of Filing in Domicile: Pending

Project Number:

Domicile Status Comments: PENDING IN HOME STATE OF OHIO

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07/10/2008

State Status Changed: 06/23/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

The Accountants Professional Liability Insurance Program is a new product offering for Colony Specialty Insurance Company. The program will provide accountants professional liability on a claims-made basis.

The independent rates included in this filing were determined by examining the rates of other competitors in the market

SERFF Tracking Number: ARGN-125588269 State: Arkansas
 Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: Accountants Professional Liability
 Project Name/Number: CYPRESS PL - ACCT/

and using underwriting judgment. Base rates are proposed for each state with modifiers for risk factors, limits and deductible options, claims and loss control techniques. The rates permit the underwriter to review each application on its' individual characteristics and establish an equitable premium. The company will carefully monitor this program to capture statistics and adjust rates accordingly.

We believe the proposed program addresses concerns for rate adequacy while remaining competitive in the marketplace. Furthermore, we do not consider the proposed rate plan to be excessive or unfairly discriminatory.

SEE COMPANION FORMS FILING #CSIC-PL-ACCT-AR-F-2008

Company and Contact

Filing Contact Information

Ellen Canestrano, Regulatory Compliance ecanestano@colonyins.com
 8720 Stony Point Parkway (804) 560-4547 [Phone]
 Richmond, VA 23235 (804) 327-3173[FAX]

Filing Company Information

| | | |
|------------------------------------|----------------------------|------------------------------------|
| Colony Specialty Insurance Company | CoCode: 36927 | State of Domicile: Ohio |
| P.O. Box 85122 | Group Code: 36927 | Company Type: Insurance Compnay |
| Richmond, VA 23235 | Group Name: Argonaut Group | State ID Number: |
| (804) 560-2000 ext. [Phone] | FEIN Number: 34-1266871 | |

Filing Fees

| | |
|------------------|-----------------------|
| Fee Required? | Yes |
| Fee Amount: | \$100.00 |
| Retaliatory? | No |
| Fee Explanation: | \$100 per rate filing |
| Per Company: | No |

| COMPANY | AMOUNT | DATE PROCESSED | TRANSACTION # |
|---------|--------|----------------|---------------|
|---------|--------|----------------|---------------|

SERFF Tracking Number: *ARGN-125588269* *State:* *Arkansas*
Filing Company: *Colony Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *CSIC-PL-ACCT-AR-R-2008*
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1019 Professional Errors & Omissions Liability*

Product Name: *Accountants Professional Liability*
Project Name/Number: *CYPRESS PL - ACCT/*

Colony Specialty Insurance Company \$100.00 06/18/2008 20963719

SERFF Tracking Number: ARGN-125588269 State: Arkansas
 Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: Accountants Professional Liability
 Project Name/Number: CYPRESS PL - ACCT/

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|--------|---------------|------------|----------------|
| Filed | Edith Roberts | 07/10/2008 | 07/10/2008 |

Objection Letters and Response Letters

| Objection Letters | | | | Response Letters | | |
|---------------------------------|---------------|------------|----------------|------------------|------------|----------------|
| Status | Created By | Created On | Date Submitted | Responded By | Created On | Date Submitted |
| Pending Industry Response | Edith Roberts | 06/26/2008 | 06/26/2008 | Ellen Canestrano | 07/02/2008 | 07/02/2008 |
| Pending Industry Response | Edith Roberts | 06/23/2008 | 06/23/2008 | Ellen Canestrano | 06/24/2008 | 06/24/2008 |

SERFF Tracking Number: *ARGN-125588269* *State:* *Arkansas*
Filing Company: *Colony Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *CSIC-PL-ACCT-AR-R-2008*
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1019 Professional Errors & Omissions*
Product Name: *Accountants Professional Liability*
Project Name/Number: *CYPRESS PL - ACCT/*

Disposition

Disposition Date: 07/10/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARGN-125588269 State: Arkansas
 Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: Accountants Professional Liability
 Project Name/Number: CYPRESS PL - ACCT/

| 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 |
| Rate (revised) | AR Accountants Rate Guide 0708 | Filed | Yes |
| Rate | AR Accountants Rate Guide 0708 | Filed | Yes |

SERFF Tracking Number: ARGN-125588269 State: Arkansas
Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Accountants Professional Liability
Project Name/Number: CYPRESS PL - ACCT/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06/26/2008
Submitted Date 06/26/2008
Respond By Date
Dear Ellen Canestrano,

This will acknowledge receipt of the captioned filing.

For Accountants Professional Liability to be exempt from AR Code Anno. 23-79-307 (5) (A), which requires defense expense payable OUTSIDE the limit of liability, the coverage must comply with AID Order 2007-046, which require limits no less than \$1,000,000 and a signed consent form by the insured acknowledging reduction or complete exhaustion of the limit in payment of defense. Limits under \$1ml must be defense outside the limit, or defense limit equal to 100% of the claim limit.

Please advise how you wish to amend the rate and rules accordingly.

The filing will be changed to "public access" once approved.

Thanks,

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07/02/2008
Submitted Date 07/02/2008

Dear Edith Roberts,

Comments:

SERFF Tracking Number: ARGN-125588269 State: Arkansas
Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Accountants Professional Liability
Project Name/Number: CYPRESS PL - ACCT/

Response 1

Comments: We have revised our rate manual to comply with AID Order 2007-046. See attached, revised rate guide, rule 8, page 5.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

| Exhibit Name | Rule # or Page # | Rate Action | Previous State Filing # |
|-----------------------------------|--------------------------|-------------|-------------------------|
| AR Accountants Rate Guide 0708 | rules 1 -11; pages 1 - 5 | New | |
| Previous Version | | | |
| AR Accountants Rate Guide 0708 | rules 1 -11; pages 1 - 5 | New | |

Sincerely,
Donna Pyle, Ellen Canestrano, Maggie Welk

SERFF Tracking Number: ARGN-125588269 State: Arkansas
Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Accountants Professional Liability
Project Name/Number: CYPRESS PL - ACCT/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06/23/2008
Submitted Date 06/23/2008
Respond By Date

Dear Ellen Canestrano,

This will acknowledge receipt of the captioned filing.

All filings are public information. We cannot accept this filing marked confidential. Please amend.

Please feel free to contact me if you have questions.

Sincerely,

Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 06/24/2008
Submitted Date 06/24/2008

Dear Edith Roberts,

Comments:

Response 1

Comments: Ms. Roberts,

In response to your request to amend the confidentiality of this filing, we hereby request that you change the status of this submission to Public Access, as we are unable to do so from our end. We do realize that all filing information in your state is public information and we apologize for the unintended error in marking this submission confidential.

Thank you.

Ellen Canestrano

Changed Items:

SERFF Tracking Number: *ARGN-125588269* *State:* *Arkansas*
Filing Company: *Colony Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *CSIC-PL-ACCT-AR-R-2008*
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1019 Professional Errors & Omissions*
Product Name: *Accountants Professional Liability*
Project Name/Number: *CYPRESS PL - ACCT/*

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Donna Pyle, Ellen Canestrano, Maggie Welk

SERFF Tracking Number: *ARGN-125588269* *State:* *Arkansas*
Filing Company: *Colony Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *CSIC-PL-ACCT-AR-R-2008*
TOI: *17.1 Other Liability - Claims Made Only* *Sub-TOI:* *17.1019 Professional Errors & Omissions*
Product Name: *Accountants Professional Liability*
Project Name/Number: *CYPRESS PL - ACCT/*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: ARGN-125588269 State: Arkansas
 Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: Accountants Professional Liability
 Project Name/Number: CYPRESS PL - ACCT/

Rate/Rule Schedule

| Review Status: | Exhibit Name: | Rule # or Page #: | Rate Action | Previous State Filing Attachments Number: |
|----------------|--------------------------------|--------------------------|-------------|--|
| Filed | AR Accountants Rate Guide 0708 | rules 1 -11; pages 1 - 5 | New | Arkansas Accountants Rate Guide 0708 _2_.pdf |



ARGO GROUP US

Get there together

Colony Specialty Insurance Company
Accountants Professional Liability Program
Rating Guide
Arkansas

1. Base Limit Premium

The base limit is \$100,000 per claim and annual aggregate with a base deductible of \$1,000 per claim. Rates apply per \$1,000 of gross revenues.

Rate per thousand of revenue

| Revenue | | Base Premium | Incremental rates |
|-------------------------------------|---|---|--|
| \$1 75,001 500,001 750,001 | 75,000 500,000 750,000 or more | \$260 \$260 plus \$1,735 plus \$2,385 plus | \$3.47 per \$1,000 of Revenues in excess of \$75,000 \$2.60 per \$1,000 of Revenues in excess of \$500,000 \$1.95 per \$1,000 of Revenues in excess of \$750,000 |

The base rate is subject to a minimum premium per staff of \$200.

The minimum premium per staff is applied before all rating factors.

2. Revenue to Staff Credits

A premium credit is developed by dividing the total revenue by total staff members. A credit is then applied as follows:

| <u>Credit</u> | <u>Average Staff Revenues</u> |
|---------------|-------------------------------|
| 15% | \$0 - \$50,000 |
| 5% | \$50,001- \$100,000 |
| 15% | \$100,001 - \$125,000 |
| 10% | \$125,001 - \$150,000 |
| 0% | \$150,001 and up |

3. Prior Acts Coverage

Select the appropriate Prior Acts factor according to the number of years between the Retroactive Date and the inception date of this policy and apply it to the base premium.

| <u>Number of Years</u> | <u>Factor</u> |
|------------------------|---------------|
| 1 | 1.48 |
| 2 | 1.66 |
| 3 | 1.78 |
| 4 | 1.86 |
| 5 | 1.92 |
| 6 | 1.97 |
| 7 or more | 2.00 |

4. Premium Modification Factors

Premium Modification Factors are additive. Apply the factor to the adjusted base premium.

a. Clients

An adjustment of up to 50% may be applied for any of the following clients: construction, entertainment, factoring companies, financial institutions, governments, health care organizations, insurance companies, one major client, pension funds, professional athletes, real estate developers and unions.

b. Practice

An adjustment of up to 50% may be applied for any of the following services provided: audit, bookkeeping, development of computer software, fiduciary and trustee, financial planning, forecasts and projections, management advisory services, S.E.C., tax, and non-accounting activities.

c. Longevity

A renewal credit will be applied as follows:

| | |
|------------------------------|------------|
| New policy and first renewal | 0% Credit |
| Second and third renewal | 3% Credit |
| Fourth and fifth renewal | 5% Credit |
| Sixth through tenth renewal | 10% Credit |
| All renewals over 10 years | 15% Credit |

d. Risk Management

If any member(s) of the firm attends a company approved loss control seminar or completes a loss control course, a credit can be applied for 3 subsequent years. The credit is determined by reviewing the number of accounting professionals who attended or completed the seminar or course. The maximum credit to be applied is 7.5%.

e. Experience Modification Factors

The following credits (-) and debits (+) shall be applied for claims experience. A claim is defined as any claim where damages and claim expenses have been paid or reserved in excess of the applicable deductible amount.

| Revenue Greater Than | Revenue Less Than | Claim Free for 3 years but not 5 years | Claims in the last 5 years | | |
|----------------------|-------------------|--|----------------------------|---------|----------|
| | | | No Claims | 1 Claim | 2 Claims |
| \$0 | \$100,000 | N/A | -5.0% | +5.0% | +10.0% |
| \$100,001 | \$500,000 | N/A | -7.5% | +5.0% | +10.0% |
| \$500,001 | \$1,000,000 | N/A | -10.0% | 0.00% | +5.0% |
| \$1,000,001 | \$2,000,000 | -3.0% | -12.5% | -5.0% | +2.5% |
| \$2,000,001 | Infinity | -5.0% | -15.0% | -7.0% | +2.5% |

Accounts with three or more claims or total paid and reserved damages and claims expense of \$100,000 or more will be referred to the company.

5. Deductible Factors

The following deductible options are available and are added to the Increased Limits factor developed in Rule 6.

| Deductible Amount | Per Claim No Aggregate | | Aggregate Limit Per Claim x1 | | Aggregate Limit Per Claim x 2 | |
|-------------------|------------------------|----------------|------------------------------|----------------|-------------------------------|----------------|
| | Indemnity & Expense | Indemnity Only | Indemnity & Expense | Indemnity Only | Indemnity & Expense | Indemnity Only |
| 500 | .100 | .200 | .150 | .250 | N/A | N/A |
| 1,000 | .000 | .100 | .030 | .130 | N/A | N/A |
| 2,500 | -.080 | .020 | .000 | .100 | -.050 | .050 |
| 5,000 | -.140 | -.040 | -.050 | .050 | -.100 | .000 |
| 7,500 | -.160 | -.060 | -.070 | .030 | -.120 | -.020 |
| 10,000 | -.180 | -.080 | -.090 | .010 | -.140 | -.040 |
| 15,000 | -.240 | -.140 | -.160 | -.060 | -.210 | -.110 |
| 20,000 | -.300 | -.150 | -.220 | -.070 | -.270 | -.120 |
| 25,000 | -.350 | -.175 | -.280 | -.105 | -.320 | -.145 |
| 30,000 | -.390 | -.190 | -.330 | -.130 | -.360 | -.160 |
| 40,000 | -.460 | -.253 | -.410 | -.185 | -.440 | -.215 |
| 50,000 | -.510 | -.260 | -.460 | -.210 | -.490 | -.240 |

| | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|
| 75,000 | -.630 | -.355 | -.580 | -.305 | -.550 | -.275 |
| 100,000 | -.700 | -.400 | -.650 | -.350 | -.620 | -.320 |

Per Claim, No Aggregate deductible, this option requires the insured to pay the deductible for every claim reported during the policy period.

Aggregate Limit Per Claim x 1, this option limits the deductible amount payable by the insured to an aggregate amount (per claim deductible multiplied by one) for all claims reported during the policy period.

Aggregate Limits Per Claim x 1 Indemnity Only Option, this option limits the deductible amount payable by the insured for damages only to an “aggregate” amount (per claim multiplied by one) for all claims reported during the policy period.

Aggregate Limit Per Claim x 2, this option limits the deductible amount payable by the insured to an aggregate amount (per claim deductible multiplied by two) for all claims reported during the policy period.

Aggregate Limit Per Claim x 2 Indemnity Only Option, this option limits the deductible amount payable by the insured for damages only to an “aggregate” amount (per claim deductible multiplied by two) for all claims reported during the policy period.

6. Increased Limit Factors

The following higher policy limits are available.

| Limits of Liability (Each Claim / Aggregate) | Increased Limit Factor |
|---|---------------------------------------|
| \$100,000 / \$100,000 | 1.00 |
| \$100,000 / \$200,000 | 1.05 |
| \$250,000 / \$250,000 | 1.35 |
| \$500,000 / \$500,000 | 1.70 |
| \$1,000,000 / \$1,000,000 | 2.15 |

For limits of liability not shown above, refer to Company.

If Limits of Liability (Each Claim / Aggregate) below \$1,000,000 / \$1,000,000 are purchased, a Defense Outside Limit Option described in section 8. MUST also be purchased. If the Defense Cost Endorsement described in section 8. is chosen, the claim expense limit provided must be equal to 100% of or exceed the Limits of Liability (Each Claim / Aggregate) purchased in this section.

If a Defense Outside Limit Option described in section 8. is not purchased, Limits of Liability (Each Claim / Aggregate) of \$1,000,000 / \$1,000,000 or more must be chosen and the Insured must provide a signed Arkansas Consent Form acknowledging their understanding that the policy has limits of liability which may be reduced or completely eliminated by payments for defense costs and claims expenses

7. Schedule Modifications

| Risk Characteristics | Credit | | Debit |
|--------------------------------------|---------------|----|--------------|
| Professional Memberships | 25% | to | 25% |
| Business Management | 25% | to | 25% |
| Loss Prevention / Control | 25% | to | 25% |

| | | | |
|-----------------------------|-----|----|-----|
| Maximum Modification | 60% | to | 60% |
|-----------------------------|-----|----|-----|

8. Defense Outside Limit Options

Defense Outside Limits coverage may be purchased through the Supplemental Claims Expense endorsement, the Defense Cost endorsement or the Claims Expense in Addition to the Limit of Liability Endorsement. To develop the premium for these coverages, multiply the factor for the appropriate policy limit by the total premium developed in sections 1 through 7.

| Limit of Liability Each Claim / Aggregate | Supplementary Claim Expenses Endorsement | Defense Cost Endorsement | Claim Expense in Addition to the Limit of Liability Endorsement |
|---|--|--------------------------|---|
| \$100,000 / \$100,000* | N/A | 5% to 15% | 5% to 20% |
| \$100,000 / \$200,000* | N/A | 5% to 15% | 5% to 20% |
| \$250,000 / \$250,000* | N/A | 5% to 15% | 5% to 20% |
| \$500,000 / \$500,000* | N/A | 5% to 15% | 5% to 20% |
| \$1,000,000 / \$1,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$1,000,000 / \$3,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$2,000,000 / \$2,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$3,000,000 / \$3,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |

*If the Defense Cost Endorsement is chosen, the claim expense limit provided must be equal to 100% of or exceed the Limits of Liability (Each Claim / Aggregate) purchased in section 6.

9. Extended Claims Reporting Period Options

Using the rates in effect on the inception date of the terminating policy, compute the premium, using all the appropriate rating factors. For the number of years of prior acts coverage, use the prior acts factor which would apply on the effective date of the terminating policy.

Select the extended claims reporting period factor from the following table, and apply it to the policy premium of the terminating policy.

| Extended Reporting Period Length | Reporting Period Factor |
|----------------------------------|-------------------------|
| One Year | .90 |
| Three Years | 2.00 |
| Five Years | 2.30 |

10. Policy Minimum Premium

The minimum premium per policy is \$500.
 With the Defense Outside Limits option, the minimum premium is \$650.
 Minimum premiums are applied after ALL rating factors.

11. Rounding Rule

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of \$.50 or more shall be rounded to the next higher whole dollar.

SERFF Tracking Number: ARGN-125588269 State: Arkansas
Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
Product Name: Accountants Professional Liability
Project Name/Number: CYPRESS PL - ACCT/

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Filed 07/10/2008

Comments:

See attached NAIC transmittal form

Attachment:

NAIC Trnsmtl CSIC ACCT rates AR.pdf

Bypassed -Name: NAIC Loss Cost Filing Document
for OTHER than Workers' Comp **Review Status:** Filed 07/10/2008

Bypass Reason: n/a - not a loss cost filing

Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 07/10/2008

Bypass Reason: n/a - not a loss cost filing

Comments:

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 style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></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 # |
| Argo Group | 0457 |

| 4. Company Name(s) | Domicile | NAIC # | FEIN # | State # |
|------------------------------------|----------|--------|------------|---------|
| Colony Specialty Insurance Company | Ohio | 36927 | 31-1266871 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | |
|-----------------------------------|------------------------|
| 5. Company Tracking Number | CSIC-PL-ACCT-AR-R-2008 |
|-----------------------------------|------------------------|

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

| 6. | Name and address | Title | Telephone #s | FAX # | e-mail |
|----|--|-------------------------------------|-------------------------|--------------|--|
| | Ellen Canestrano 8720 Stony Point Parkway Richmond, VA 23235 | Regulatory Compliance Specialist II | 804-560-4547 | 804-327-3173 | ecanestrano@colonyins.com |
| | 7. Signature of authorized filer | | <i>Ellen Canestrano</i> | | |
| | 8. Please print name of authorized filer | | Ellen Canestrano | | |

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

| | |
|--|--|
| 9. Type of Insurance (TOI) | 17.1 Other Liability – Claims Made Only |
| 10. Sub-Type of Insurance (Sub-TOI) | 17.1019 |
| 11. State Specific Product code(s)(if applicable)[See State Specific Requirements] | |
| 12. Company Program Title (Marketing title) | Accountants E&O rates & rules |
| 13. Filing Type | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" 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: UPON APPROVAL Renewal: UPON APPROVAL |
| 15. Reference Filing? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| 16. Reference Organization (if applicable) | N/A |
| 17. Reference Organization # & Title | N/A |
| 18. Company's Date of Filing | June 17, 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 # | CSIC-PL-ACCT-AR-R-2008 |
|-----|---|------------------------|

| | |
|-----|---|
| 21. | <p>Filing Description: The Accountants Professional Liability Insurance Program is a new product offering for Argonaut Insurance Company. The program will provide accountants professional liability on a claims-made basis.</p> <p>The independent rates included in this filing were determined by examining the rates of other competitors in the market and using underwriting judgment. Base rates are proposed for each state with modifiers for risk factors, limits and deductible options, claims and loss control techniques. The rates permit the underwriter to review each application on its' individual characteristics and establish an equitable premium. The company will carefully monitor this program to capture statistics and adjust rates accordingly.</p> <p>We believe the proposed program addresses concerns for rate adequacy while remaining competitive in the marketplace. Furthermore, we do not consider the proposed rate plan to be excessive or unfairly discriminatory.</p> |
|-----|---|

| | |
|-----|---|
| 22. | <p>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]</p> <p>Check #: <i>SENT VIA SERFF EFT</i> Amount: \$100.00</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p> |
|-----|---|

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

PC TD-1 pg 2 of 2

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

| | | |
|-----------|--|-------------------------------|
| 1. | This filing transmittal is part of Company Tracking # | CSIC-PL-ACCT-AR-R-2008 |
|-----------|--|-------------------------------|

| | | |
|-----------|---|--|
| 2. | This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable) | |
|-----------|---|--|

| 3. | Form Name /Description/Synopsis | Form # Include edition date | Replacement Or withdrawn? | If replacement, give form # it replaces | Previous state filing number, if required by state |
|-----------|--|--|--|--|---|
| 01 | n/a rate filing only | | | | |
| 02 | | | | | |
| 03 | | | | | |
| 04 | | | | | |
| 05 | | | | | |
| 06 | | | | | |
| 07 | | | | | |
| 08 | | | | | |
| 09 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

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 # | CSIC-PL-ACCT-AR-R-2008 |
|-----------|--|-------------------------------|

| | | |
|-----------|---|-------------------------------|
| 2. | This filing corresponds to form filing number (Company tracking number of form filing, if applicable) | CSIC-PL-ACCT-AR-F-2008 |
|-----------|---|-------------------------------|

Rate Increase
 Rate Decrease
 Rate Neutral (0%)

| | | |
|-----------|--|--------------------------|
| 3. | Filing Method (Prior Approval, File & Use, Flex Band, etc.) | N/A – NEW PROGRAM |
|-----------|--|--------------------------|

| | |
|------------|---|
| 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) |
|--------------|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| CSIC | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|------------|--|
| 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) | N/A – NOT MULTIPLE CO FILING | |
|-----------|--|-------------------------------------|--|

| | | COMPANY USE | STATE USE |
|-----------|--|-------------|-----------|
| 5a | Overall percentage rate indication (when applicable) | 0 | |
| 5b | Overall percentage rate impact for this filing | 0 | |
| 5c | Effect of Rate Filing – Written premium change for this program | 0 | |
| 5d | Effect of Rate Filing – Number of policyholders affected | 0 | |

| | | |
|-----------|---|---|
| 6. | Overall percentage of last rate revision | 0 |
|-----------|---|---|

| | | |
|-----------|---|-----|
| 7. | Effective Date of last rate revision | N/A |
|-----------|---|-----|

| | | |
|-----------|---|-----|
| 8. | Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.) | N/A |
|-----------|---|-----|

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn? | Previous state filing number, if required by state |
|----|--|---|--|
| 01 | AR Rating Guide 0708 – rules 1-11; pages 1-5 | <input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn | N/A – NEW PROGRAM |
| 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 | |

SERFF Tracking Number: ARGN-125588269 State: Arkansas
 Filing Company: Colony Specialty Insurance Company State Tracking Number: EFT \$100
 Company Tracking Number: CSIC-PL-ACCT-AR-R-2008
 TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability
 Product Name: Accountants Professional Liability
 Project Name/Number: CYPRESS PL - ACCT/

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

| Original Date: | Schedule | Document Name | Replaced Date | Attach Document |
|------------------|---------------|--------------------------------|---------------|--|
| No original date | Rate and Rule | AR Accountants Rate Guide 0708 | 06/17/2008 | Arkansas Accountants Rate Guide 0708.pdf |



Colony Specialty Insurance Company
Accountants Professional Liability Program
Rating Guide
Arkansas

1. Base Limit Premium

Accountants Professional Liability Program

ARKANSAS

The base limit is \$100,000 per claim and annual aggregate with a base deductible of \$1,000 per claim. Rates apply per \$1,000 of gross revenues.

Rate per thousand of revenue

| Revenue | | Base Premium | Incremental rates |
|-------------------------------------|---|---|--|
| \$1 75,001 500,001 750,001 | 75,000 500,000 750,000 or more | \$260 \$260 plus \$1,735 plus \$2,385 plus | \$3.47 per \$1,000 of Revenues in excess of \$75,000 \$2.60 per \$1,000 of Revenues in excess of \$500,000 \$1.95 per \$1,000 of Revenues in excess of \$750,000 |

The base rate is subject to a minimum premium per staff of \$200.

The minimum premium per staff is applied before all rating factors.

2. Revenue to Staff Credits

A premium credit is developed by dividing the total revenue by total staff members. A credit is then applied as follows:

| <u>Credit</u> | <u>Average Staff Revenues</u> |
|---------------|-------------------------------|
| 15% | \$0 - \$50,000 |
| 5% | \$50,001- \$100,000 |
| 15% | \$100,001 - \$125,000 |
| 10% | \$125,001 - \$150,000 |
| 0% | \$150,001 and up |

3. Prior Acts Coverage

Select the appropriate Prior Acts factor according to the number of years between the Retroactive Date and the inception date of this policy and apply it to the base premium.

| <u>Number of Years</u> | <u>Factor</u> |
|------------------------|---------------|
| 1 | 1.48 |
| 2 | 1.66 |
| 3 | 1.78 |
| 4 | 1.86 |
| 5 | 1.92 |
| 6 | 1.97 |
| 7 or more | 2.00 |

4. Premium Modification Factors

Premium Modification Factors are additive. Apply the factor to the adjusted base premium.

a. Clients

An adjustment of up to 50% may be applied for any of the following clients: construction, entertainment, factoring companies, financial institutions, governments, health care organizations, insurance companies, one major client, pension funds, professional athletes, real estate developers and unions.

b. Practice

An adjustment of up to 50% may be applied for any of the following services provided: audit, bookkeeping, development of computer software, fiduciary and trustee, financial planning, forecasts and projections, management advisory services, S.E.C., tax, and non-accounting activities.

c. Longevity

A renewal credit will be applied as follows:

| | |
|------------------------------|------------|
| New policy and first renewal | 0% Credit |
| Second and third renewal | 3% Credit |
| Fourth and fifth renewal | 5% Credit |
| Sixth through tenth renewal | 10% Credit |
| All renewals over 10 years | 15% Credit |

d. Risk Management

If any member(s) of the firm attends a company approved loss control seminar or completes a loss control course, a credit can be applied for 3 subsequent years. The credit is determined by reviewing the number of accounting professionals who attended or completed the seminar or course. The maximum credit to be applied is 7.5%.

e. Experience Modification Factors

The following credits (-) and debits (+) shall be applied for claims experience. A claim is defined as any claim where damages and claim expenses have been paid or reserved in excess of the applicable deductible amount.

| Revenue Greater Than | Revenue Less Than | Claim Free for 3 years but not 5 years | Claims in the last 5 years | | |
|----------------------|-------------------|--|----------------------------|---------|----------|
| | | | No Claims | 1 Claim | 2 Claims |
| \$0 | \$100,000 | N/A | -5.0% | +5.0% | +10.0% |
| \$100,001 | \$500,000 | N/A | -7.5% | +5.0% | +10.0% |
| \$500,001 | \$1,000,000 | N/A | -10.0% | 0.00% | +5.0% |
| \$1,000,001 | \$2,000,000 | -3.0% | -12.5% | -5.0% | +2.5% |
| \$2,000,001 | Infinity | -5.0% | -15.0% | -7.0% | +2.5% |

Accounts with three or more claims or total paid and reserved damages and claims expense of \$100,000 or more will be referred to the company.

5. **Deductible Factors**

The following deductible options are available and are added to the Increased Limits factor developed in Rule 6.

| Deductible Amount | Per Claim No Aggregate | | Aggregate Limit Per Claim x1 | | Aggregate Limit Per Claim x 2 | |
|-------------------|------------------------|----------------|------------------------------|----------------|-------------------------------|----------------|
| | Indemnity & Expense | Indemnity Only | Indemnity & Expense | Indemnity Only | Indemnity & Expense | Indemnity Only |
| 500 | .100 | .200 | .150 | .250 | N/A | N/A |
| 1,000 | .000 | .100 | .030 | .130 | N/A | N/A |
| 2,500 | -.080 | .020 | .000 | .100 | -.050 | .050 |
| 5,000 | -.140 | -.040 | -.050 | .050 | -.100 | .000 |
| 7,500 | -.160 | -.060 | -.070 | .030 | -.120 | -.020 |
| 10,000 | -.180 | -.080 | -.090 | .010 | -.140 | -.040 |
| 15,000 | -.240 | -.140 | -.160 | -.060 | -.210 | -.110 |
| 20,000 | -.300 | -.150 | -.220 | -.070 | -.270 | -.120 |
| 25,000 | -.350 | -.175 | -.280 | -.105 | -.320 | -.145 |
| 30,000 | -.390 | -.190 | -.330 | -.130 | -.360 | -.160 |
| 40,000 | -.460 | -.253 | -.410 | -.185 | -.440 | -.215 |
| 50,000 | -.510 | -.260 | -.460 | -.210 | -.490 | -.240 |
| 75,000 | -.630 | -.355 | -.580 | -.305 | -.550 | -.275 |
| 100,000 | -.700 | -.400 | -.650 | -.350 | -.620 | -.320 |

Per Claim, No Aggregate deductible, this option requires the insured to pay the deductible for every claim reported during the policy period.

Aggregate Limit Per Claim x 1, this option limits the deductible amount payable by the insured to an aggregate amount (per claim deductible multiplied by one) for all claims reported during the policy period.

Aggregate Limits Per Claim x 1 Indemnity Only Option, this option limits the deductible amount payable by the insured for damages only to an “aggregate” amount (per claim multiplied by one) for all claims reported during the policy period.

Aggregate Limit Per Claim x 2, this option limits the deductible amount payable by the insured to an aggregate amount (per claim deductible multiplied by two) for all claims reported during the policy period.

Aggregate Limit Per Claim x 2 Indemnity Only Option, this option limits the deductible amount payable by the insured for damages only to an “aggregate” amount (per claim deductible multiplied by two) for all claims reported during the policy period.

6. Increased Limit Factors

The following higher policy limits are available.

| Limits of Liability (Each Claim / Aggregate) | Increased Limit Factor |
|---|---------------------------------------|
| \$100,000 / \$100,000 | 1.00 |
| \$100,000 / \$200,000 | 1.05 |
| \$250,000 / \$250,000 | 1.35 |
| \$500,000 / \$500,000 | 1.70 |
| \$1,000,000 / \$1,000,000 | 2.15 |

For limits of liability not shown above, refer to Company.

If a Defense Outside Limit Option described in section 8.is not purchased and Limits of Liability (Each Claim / Aggregate) of \$1,000,000 / \$1,000,000 or more are not chosen, the Insured must provide a signed Arkansas Consent Form acknowledging their understanding that the policy has limits of liability which may be reduced or completely eliminated by payments for defense costs and claims expenses.

7. Schedule Modifications

| Risk Characteristics | Credit | | Debit |
|--------------------------------------|---------------|----|--------------|
| Professional Memberships | 25% | to | 25% |
| Business Management | 25% | to | 25% |
| Loss Prevention / Control | 25% | to | 25% |
| Maximum Modification | 60% | to | 60% |

8. Defense Outside Limit Options

Defense Outside Limits coverage may be purchased through the Supplemental Claims Expense endorsement, the Defense Cost endorsement or the Claims Expense in Addition to the Limit of Liability Endorsement. To develop the premium for these coverages, multiply the factor for the appropriate policy limit by the total premium developed in sections 1 through 7.

| Limit of Liability Each Claim / Aggregate | Supplementary Claim Expenses Endorsement | Defense Cost Endorsement | Claim Expense in Addition to the Limit of Liability Endorsement |
|---|--|--------------------------|---|
| \$100,000 / \$100,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$100,000 / \$200,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$250,000 / \$250,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$500,000 / \$500,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$1,000,000 / \$1,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$1,000,000 / \$3,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$2,000,000 / \$2,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |
| \$3,000,000 / \$3,000,000 | 5% to 25% | 5% to 15% | 5% to 20% |

9. Extended Claims Reporting Period Options

Using the rates in effect on the inception date of the terminating policy, compute the premium, using all the appropriate rating factors. For the number of years of prior acts coverage, use the prior acts factor which would apply on the effective date of the terminating policy.

Select the extended claims reporting period factor from the following table, and apply it to the policy premium of the terminating policy.

| Extended Reporting Period Length | Reporting Period Factor |
|----------------------------------|-------------------------|
| One Year | .90 |
| Three Years | 2.00 |
| Five Years | 2.30 |

10. Policy Minimum Premium

The minimum premium per policy is \$500.

With the Defense Outside Limits option, the minimum premium is \$650.

Minimum premiums are applied after ALL rating factors.

11. Rounding Rule

All premiums shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of \$.50 or more shall be rounded to the next higher whole dollar.