

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

### Filing at a Glance

Company: Truck Insurance Exchange  
 Product Name: PCAM Follow Form  
 State: California  
 TOI: 17.0 Other Liability-Occ/Claims Made  
 Sub-TOI: 17.0020 Commercial Umbrella and Excess  
 Filing Type: Form/Rule  
 Date Submitted: 06/07/2020  
 SERFF Tr Num: FARM-132411700  
 SERFF Status: Closed-Approved  
 State Tr Num: 20-1883  
 State Status: Approved  
 Co Tr Num: O3CA20607CURS2  
  
 Effective Date: 11/01/2020  
 Requested (New):  
 Effective Date: 11/01/2020  
 Requested (Renewal):  
 Author(s): Tina Campbell, Richard Sieger, Stefanie Carlin, Lori Ginther, Anna Tu, Federico Cantone, Carter Johnson, Katherine Biglarian, Carine Bekarian, Andrew Kramer  
 Reviewer(s): Carolyn Yap (primary), Beverly Bautista  
 Disposition Date: 09/22/2020  
 Disposition Status: Approved  
 Effective Date (New):  
 Effective Date (Renewal):

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**or call 800-896-8000**

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**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## General Information

Project Name: TD/US#F4334	Status of Filing in Domicile:
Project Number: O-CA-2020-BP-F	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 09/22/2020	
State Status Changed: 09/22/2020	Deemer Date: 08/25/2020
Created By: Richard Sieger	Submitted By: Richard Sieger
Corresponding Filing Tracking Number:	

### Filing Description:

The Farmers Insurance Group of Companies respectfully submits for your review and approval a new coverage and forms for its Commercial Umbrella Program.

Please refer to the filing memorandum in the Supporting Documentation tab for additional details.

Your early approval of this filing is appreciated.

## Company and Contact

### Filing Contact Information

Derrick Chen, Associate Actuary	derrick.chen@farmersinsurance.com
6303 Owensmouth Ave	818-936-8426 [Phone]
4th Floor	818-936-8385 [FAX]
Woodland Hills, CA 91367	

### Filing Company Information

Truck Insurance Exchange	CoCode: 21709	State of Domicile: California
6301 Owensmouth Avenue	Group Code: 69	Company Type:
Woodland Hills, CA 91367	Group Name:	State ID Number: 74500
(818) 965-0662 ext. [Phone]	FEIN Number: 95-2575892	

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:

## State Specific

Variance Requested? (Yes/No): No

**State:** California **Filing Company:** Truck Insurance Exchange  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Beverly Bautista	09/22/2020	09/22/2020

## Objection Letters and Response Letters

### Objection Letters

Status	Created By	Created On	Date Submitted
Pending company response	Carolyn Yap	08/14/2020	08/14/2020
Hold till company response	Carolyn Yap	08/13/2020	08/13/2020
Pending company response	Carolyn Yap	07/14/2020	07/14/2020
Pending company response	Carolyn Yap	07/13/2020	07/13/2020
Respond immediately	Jesse Rivera	06/17/2020	06/17/2020
Pending company response	Jesse Rivera	06/10/2020	06/10/2020

### Response Letters

Responded By	Created On	Date Submitted
Richard Sieger	08/14/2020	08/17/2020
Richard Sieger	08/13/2020	08/13/2020
Richard Sieger	07/17/2020	07/17/2020
Richard Sieger	07/13/2020	07/13/2020
Richard Sieger	06/17/2020	06/17/2020
Richard Sieger	06/10/2020	06/10/2020

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Form	Preferred Community Association Management Coverage - Follow Form Endorsement	Lori Ginther	07/17/2020	07/17/2020
Supporting Document	New Prior Approval Rate Application	Richard Sieger	06/07/2020	06/07/2020

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Re: Effective date change request	Note To Filer	Beverly Bautista	09/25/2020	09/25/2020
Effective date change request	Note To Reviewer	Richard Sieger	09/24/2020	09/24/2020

**SERFF Tracking #:**

FARM-132411700

**State Tracking #:**

20-1883

**Company Tracking #:**

O3CA20607CURS2

**State:**

California

**Filing Company:**

Truck Insurance Exchange

**TOI/Sub-TOI:**

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

**Product Name:**

PCAM Follow Form

**Project Name/Number:**

TD/US#F4334/O-CA-2020-BP-F

**Filing Notes**

Subject	Note Type	Created By	Created On	Date Submitted
Re: Effective date change request	Note To Filer	Beverly Bautista	09/24/2020	09/24/2020
Effective date change request	Note To Reviewer	Richard Sieger	09/23/2020	09/23/2020
Re: Status Request	Note To Filer	Carolyn Yap	09/09/2020	09/09/2020
Status request	Note To Reviewer	Richard Sieger	09/08/2020	09/08/2020

**State:** California **Filing Company:** Truck Insurance Exchange  
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## Disposition

Disposition Date: 09/22/2020

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment: Only the changes specifically indicated in the application set forth above, as it may have been amended, are approved. Nothing in this letter shall constitute approval of any other application, whether incorporated by reference, or filed prior or subsequent to the application set forth above. The insurer shall begin issuing policies pursuant to this approval within 90 days of the date of this approval, provided that the insurer is licensed in California to transact the line of insurance for which the approval is given. The insurer may implement this approval earlier if it is able to do so. Regardless of the implementation date, the insurer shall implement this approval with the same effective date for both new and renewal business and shall offer this product to all eligible applicants as of the implementation date. This approval shall continue to have full force and effect until such time as a subsequent change for the referenced lines or programs may be approved or ordered by the Insurance Commissioner.

If any portion of the application or related documentation conflicts with California law, that portion is specifically not approved. This approval does not constitute an approval of underwriting guidelines nor the specific language, coverages, terms, covenants and conditions contained in any forms, or the forms themselves. Policy forms and underwriting guidelines included in this filing were reviewed only insofar as they relate to rates contained in this filing or currently on file with the California Department of Insurance. Any subsequent changes to underwriting guidelines or coverage, terms, covenants and conditions contained in any forms must be submitted with supporting documentation where those changes result in any rating impact. The Commissioner may at any time take any action allowed by law if he determines that any underwriting guidelines, forms or procedures for application of rates, or any other portions of the application conflict with any applicable laws or regulations.

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document (revised)	New Prior Approval Rate Application		Yes
Supporting Document (revised)	Complete Current and Proposed Manuals and tracked changes version		Yes
Supporting Document	Complete Current and Proposed Manuals and tracked changes version		Yes
Supporting Document	New Prior Approval Rate Application		Yes
Supporting Document	New Prior Approval Rate Application		Yes
Supporting Document	New Prior Approval Rate Application		Yes
Supporting Document	Rating Samples		Yes

**SERFF Tracking #:**

FARM-132411700

**State Tracking #:**

20-1883

**Company Tracking #:**

O3CA20607CURS2

**State:**

California

**Filing Company:**

Truck Insurance Exchange

**TOI/Sub-TOI:**

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

**Product Name:**

PCAM Follow Form

**Project Name/Number:**

TD/US#F4334/O-CA-2020-BP-F

Schedule	Schedule Item	Schedule Item Status	Public Access
<b>Supporting Document</b>	Responses to objection dated 08 14 2020		Yes
<b>Form (revised)</b>	Preferred Community Association Management Coverage - Follow Form Endorsement		Yes
<b>Form</b>	Preferred Community Association Management Coverage - Follow Form Endorsement		Yes
<b>Form</b>	Optional Extended Reporting Period For Preferred Community Association Management Coverage		Yes
<b>Rate (revised)</b>	Commercial Umbrella Manual		Yes
<b>Rate</b>	Commercial Umbrella Manual		Yes

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**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Objection Letter

Objection Letter Status	Pending company response
Objection Letter Date	08/14/2020
Submitted Date	08/14/2020
Respond By Date	08/19/2020

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Dear Derrick Chen,

**Introduction:**

- In the manual under extended reporting periods:
  - What does the company mean by "Charge 200% of annual expiring Directors and Officers Liability premium"?
  - Please provide a rating example.
  - How was the 200% charge determined?
- In the last objection, the company provided a rating sample for each charge. Please include an example for the premium charge of 140% under the Optional Extended Reporting Periods.

**Conclusion:**

Sincerely,  
Carolyn Yap

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**State:** California **Filing Company:** Truck Insurance Exchange  
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**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Objection Letter

Objection Letter Status	Hold till company response
Objection Letter Date	08/13/2020
Submitted Date	08/13/2020
Respond By Date	08/14/2020

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Dear Derrick Chen,

**Introduction:**

Our records indicate that the deemer date for this filing is August 25,2020. In order for us to complete our review, we request a waiver of the deemer.

We ask that Truck Insurance Exchange submit in SERFF the wording below to waive the deemer provisions:

Regarding the above-referenced rate application, Truck Insurance Exchange ("applicant") hereby waives all deemer provisions of California Insurance Code Section 1861.05, specifically, the 60-day deemer and the 180-day deemer. If the applicant wishes to reactivate the deemer provisions, the applicant will make its request in writing to the Department of Insurance Rate Filing Bureau, Los Angeles, California. Upon reactivation, the 60-day deemer will resume five days after the Department's receipt of the applicant's request to reactivate the deemer, on day 48, and the 180-day deemer will resume five days after the Department's receipt of the applicant's request to reactivate the deemer, on day 66.

**Conclusion:**

Sincerely,  
Carolyn Yap



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**State:** California **Filing Company:** Truck Insurance Exchange  
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## Objection Letter

Objection Letter Status	Pending company response
Objection Letter Date	07/14/2020
Submitted Date	07/14/2020
Respond By Date	07/21/2020

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Dear Derrick Chen,

**Introduction:**

1. Who is your umbrella reinsurer?
2. How did your umbrella reinsurer determine the premium charges? Was there a comparison made to competitor data and competitor charges?
3. Please provide a rating example for both endorsements.

**Conclusion:**

Sincerely,  
Carolyn Yap

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**State:** California **Filing Company:** Truck Insurance Exchange  
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**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Objection Letter

Objection Letter Status	Pending company response
Objection Letter Date	07/13/2020
Submitted Date	07/13/2020
Respond By Date	07/20/2020

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Dear Derrick Chen,

**Introduction:**

The endorsements introduced in this filing are New, Optional. Could you please indicate if there are flat or premium charges associated with these endorsements? If there are, explain what is the basis and how the flat or premium charges are determined.

Thank you.

**Conclusion:**

Sincerely,  
Carolyn Yap

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**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Objection Letter

Objection Letter Status	Respond immediately
Objection Letter Date	06/17/2020
Submitted Date	06/17/2020
Respond By Date	06/19/2020

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Dear Derrick Chen,

**Introduction:**

Thank you for your application. However, to meet basic compliance for this filing, please respond to the objection(s) below.

**Objection 1**

- New Prior Approval Rate Application (Supporting Document)

Comments: The NAIC company code in SERFF and on the application is inconsistent. Please verify. If SERFF is wrong, withdraw this filing and then resubmit. If the application is wrong, please revise it.

**Conclusion:**

Sincerely,  
Jesse Rivera

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**State:** California **Filing Company:** Truck Insurance Exchange  
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**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Objection Letter

Objection Letter Status	Pending company response
Objection Letter Date	06/10/2020
Submitted Date	06/10/2020
Respond By Date	

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Dear Derrick Chen,

**Introduction:**

Thank you for your application. However, to meet basic compliance for this filing, please respond to the objection(s) below.

**Objection 1**

- New Prior Approval Rate Application (Supporting Document)

Comments: Address the errors on page 9.Forms (see column N) of the Rate Application.

**Conclusion:**

Sincerely,  
Jesse Rivera

SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 08/14/2020  
Submitted Date 08/17/2020

Dear Carolyn Yap,

**Introduction:**

Regarding your 8/14/2020 objection:

**Response 1**

**Comments:**

Please see responses in Supporting Documentation, Responses to objection dated 08 14 2020.

**Changed Items:**

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Responses to objection dated 08 14 2020
<b>Comments:</b>	
<b>Attachment(s):</b>	FARM-132411700 Objection Response 6.pdf UMB PCAM CA Sample Rating.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

We sincerely appreciate your continued review of this filing.

Sincerely,

Anna Tu

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**State:** California **Filing Company:** Truck Insurance Exchange  
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**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

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## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/13/2020
Submitted Date	08/13/2020

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Dear Carolyn Yap,

**Introduction:**

**Response 1**

**Comments:**

Regarding the above-referenced rate application, Truck Insurance Exchange ("applicant") hereby waives all deemer provisions of California Insurance Code Section 1861.05, specifically, the 60-day deemer and the 180-day deemer. If the applicant wishes to reactivate the deemer provisions, the applicant will make its request in writing to the Department of Insurance Rate Filing Bureau, Los Angeles, California. Upon reactivation, the 60-day deemer will resume five days after the Department's receipt of the applicant's request to reactivate the deemer, on day 48, and the 180-day deemer will resume five days after the Department's receipt of the applicant's request to reactivate the deemer, on day 66.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Sincerely,  
Richard Sieger

SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

---

**State:** California **Filing Company:** Truck Insurance Exchange  
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## Response Letter

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Response Letter Status	Submitted to State
Response Letter Date	07/17/2020
Submitted Date	07/17/2020

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Dear Carolyn Yap,

**Introduction:**

Regarding your 7/14/2020 objection:

**Response 1**

**Comments:**

The Umbrella PCAM rates were priced to a modest (+4.3%) increase over the existing Umbrella D&O rates, based on the broader coverage this new PCAM endorsement offers. With the scarcity of available data, the pricing strategy was socialized with our underwriters, claims staff and in consultation with our reinsurer GenRe, who agreed the rates were an adequate starting point to begin building our experience off of. As with any new coverage offering, we will conduct regular business reviews to ensure the rates remain adequate and file any adjustments as warranted by prospective internal and external analysis.

The premium charges for the Optional Extended Reporting Periods on the Umbrella PCAM are consistent with those charged on the underlying PCAMs optional extended reporting period endorsement. The premium charges are 75%, 140%, and 200% of the expiring Umbrella policys PCAM coverage premium for one-, two- and three-year extended reporting periods respectively.

Please find attached an updated rating examples worksheet, showing the same rating scenarios previously provided in the underlying policy form filing (20-1451), appended to display the aforementioned premium charges for the two forms contained herein.

We have also provided an updated and revised manual showing all three premium charges for the extended reporting period cited in the endorsement, which previously only showed the three-year 200% option.

**Changed Items:**

**State:** California **Filing Company:** Truck Insurance Exchange  
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### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Complete Current and Proposed Manuals and tracked changes version
<b>Comments:</b>	Current manual CAC2501current.pdf is from filing FARM-131939211. Proposed manual CAC2501.pdf Tracked changes version ManualComparison.pdf
<b>Attachment(s):</b>	CAC2501current.pdf ManualComparisonv2.pdf CAC2501proposed.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Complete Current and Proposed Manuals and tracked changes version</i>
<b>Comments:</b>	<i>Current manual CAC2501current.pdf is from filing FARM-131939211. Proposed manual CAC2501.pdf Tracked changes version ManualComparison.pdf</i>
<b>Attachment(s):</b>	<i>CAC2501current.pdf CAC2501proposed.pdf ManualComparison.pdf</i>

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	Complete Current and Proposed Manuals and tracked changes version
<b>Comments:</b>	Current manual CAC2501current.pdf is from filing FARM-131939211. Proposed manual CAC2501.pdf Tracked changes version ManualComparison.pdf
<b>Attachment(s):</b>	CAC2501current.pdf ManualComparisonv2.pdf CAC2501proposed.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Complete Current and Proposed Manuals and tracked changes version</i>
<b>Comments:</b>	<i>Current manual CAC2501current.pdf is from filing FARM-131939211. Proposed manual CAC2501.pdf Tracked changes version ManualComparison.pdf</i>
<b>Attachment(s):</b>	<i>CAC2501current.pdf CAC2501proposed.pdf ManualComparison.pdf</i>

<b>Satisfied - Item:</b>	Rating Samples
<b>Comments:</b>	
<b>Attachment(s):</b>	UMB PCAM CA Sample Rating.pdf



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State: California

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Truck Insurance Exchange

TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name: PCAM Follow Form

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No Form Schedule items changed.

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Commercial Umbrella Manual	Pages 2504, 2506, 2508, 2510	Replacement	19-1855	07/17/2020 By: Richard Sieger
<i>Previous Version</i>					
1	<i>Commercial Umbrella Manual</i>	<i>Pages 2504, 2506, 2508, 2510</i>	<i>Replacement</i>	<i>19-1855</i>	<i>06/07/2020 By: Richard Sieger</i>

**Conclusion:**

We sincerely appreciate your continued review of this filing.

Sincerely,

Richard Sieger

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## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/13/2020
Submitted Date	07/13/2020

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Dear Carolyn Yap,

**Introduction:**

Regarding your 7/13/2020 objection:

**Response 1**

**Comments:**

The proposed premium charge for this new coverage is variable and is directly based on the premium charged for the same coverage in the underlying policy. As observed on page 2510 of the attached proposed manual:

For \$1M underlying liability limits, the umbrellas PCAM coverage premium will be 36% of the underlying PCAM premium.

For \$2M underlying liability limits, the umbrellas PCAM coverage premium will be 17% of the underlying PCAM premium.

As mentioned in the filing memorandum, with limited loss data available, we have priced this coverage based on consultations with our Umbrella reinsurer.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Sincerely,

Richard Sieger

SERFF Tracking #:

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## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/17/2020
Submitted Date	06/17/2020

---

Dear Carolyn Yap,

### **Introduction:**

### **Response 1**

#### **Comments:**

The application had the incorrect NAIC number. We have corrected this in the attached. We apologize for any inconvenience this may have caused.

### **Related Objection 1**

Applies To:

- New Prior Approval Rate Application (Supporting Document)

Comments: The NAIC company code in SERFF and on the application is inconsistent. Please verify. If SERFF is wrong, withdraw this filing and then resubmit. If the application is wrong, please revise it.

### **Changed Items:**

SERFF Tracking #:

FARM-132411700

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### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	New Prior Approval Rate Application
<b>Comments:</b>	
<b>Attachment(s):</b>	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf PriorAppRateAPL_Ed01-06-2020v2.xlsm Exhibit 19.xlsx PriorAppRateAPL_Ed01-06-2020v2.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>               Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf                CA FORM (EA) Explanatory Memorandum.pdf                Exhibits 18-19.pdf                Exhibit 19.xlsx                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.pdf                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.xlsm             </i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>               Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf                CA FORM (EA) Explanatory Memorandum.pdf                Exhibits 18-19.pdf                Exhibit 19.xlsx                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf             </i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>               Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf                CA FORM (EA) Explanatory Memorandum.pdf                Exhibits 18-19.pdf                Exhibit 19.xlsx                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm                CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf             </i>

No Form Schedule items changed.

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**State:**

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*No Rate/Rule Schedule items changed.*

**Conclusion:**

*Sincerely,*

*Richard Sieger*

SERFF Tracking #:

FARM-132411700

State Tracking #:

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Company Tracking #:

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State:

California

Filing Company:

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TOI/Sub-TOI:

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name:

PCAM Follow Form

Project Name/Number:

TD/US#F4334/O-CA-2020-BP-F

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	06/10/2020
Submitted Date	06/10/2020

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Dear Carolyn Yap,

**Introduction:**

Regarding your 6/10/2020 objection:

**Response 1**

**Comments:**

Please see revised attached application.

**Related Objection 1**

Applies To:

- New Prior Approval Rate Application (Supporting Document)

Comments: Address the errors on page 9.Forms (see column N) of the Rate Application.

**Changed Items:**

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

### Supporting Document Schedule Item Changes

<b>Satisfied - Item:</b>	New Prior Approval Rate Application
<b>Comments:</b>	
<b>Attachment(s):</b>	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf Exhibit 19.xlsx CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.pdf CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.xlsm
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf</i> <i>CA FORM (EA) Explanatory Memorandum.pdf</i> <i>Exhibits 18-19.pdf</i> <i>Exhibit 19.xlsx</i> <i>CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm</i> <i>CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf</i> <i>CA FORM (EA) Explanatory Memorandum.pdf</i> <i>Exhibits 18-19.pdf</i> <i>Exhibit 19.xlsx</i> <i>CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm</i> <i>CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf</i>

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

#### Conclusion:

We sincerely appreciate your continued review of this filing.

Sincerely,

Richard Sieger

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Amendment Letter

Submitted Date: 07/17/2020

### Comments:

Please note that we have replaced the U5112-ED1 with a corrected version. We recently realized that we failed to put the defined term "policy period" in quote several times in Section I and Section IV. This oversight has been corrected. No other changes have been made.

### Changed Items:

#### Form Schedule Item Changes

Item No.	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments	Submitted
1	Preferred Community Association Management Coverage - Follow Form Endorsement	U5112-ED1	0920	END	New		38.000	U5112-ED1.pdf	Date Submitted: 07/17/2020 By:
<i>Previous Version</i>									
1	Preferred Community Association Management Coverage - Follow Form Endorsement	U5112-ED1	0920	END	New		38.000	U5112-ED1.pdf	Date Submitted: 06/07/2020 By: Richard Sieger

No Rate Schedule Items Changed.

No Supporting Documents Changed.



SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Amendment Letter

Submitted Date: 06/07/2020

Comments:

Company Tracking Number has been updated in SERFF and in the application.

Changed Items:

*No Form Schedule Items Changed.*

*No Rate Schedule Items Changed.*

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	New Prior Approval Rate Application
<b>Comments:</b>	
<b>Attachment(s):</b>	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf Exhibit 19.xlsx CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>New Prior Approval Rate Application</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf            CA FORM (EA) Explanatory Memorandum.pdf            Exhibits 18-19.pdf            Exhibit 19.xlsx            CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm            CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf</i>

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**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Filer

**Created By:**

Beverly Bautista on 09/25/2020 09:00 AM

**Last Edited By:**

Beverly Bautista

**Submitted On:**

09/25/2020 09:00 AM

**Subject:**

Re: Effective date change request

**Comments:**

The effective date for new business and renewals has been changed to 11/1/2020.

---

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Reviewer

**Created By:**

Richard Sieger on 09/24/2020 09:50 PM

**Last Edited By:**

Richard Sieger

**Submitted On:**

09/24/2020 09:50 PM

**Subject:**

Effective date change request

**Comments:**

My apologies. I have been informed the effective dates will be 11/1/2020 NB RB. I submitted a post submission update. Please let me know if this is OK.

---

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Filer

**Created By:**

Beverly Bautista on 09/24/2020 03:41 PM

**Last Edited By:**

Beverly Bautista

**Submitted On:**

09/24/2020 03:41 PM

**Subject:**

Re: Effective date change request

**Comments:**

The Department acknowledges the new effective date of 10/1/2020 for new business and renewals.

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Reviewer

**Created By:**

Richard Sieger on 09/23/2020 04:53 PM

**Last Edited By:**

Richard Sieger

**Submitted On:**

09/23/2020 04:54 PM

**Subject:**

Effective date change request

**Comments:**

We respectfully request that the effective date of this revision be changed to 10/1/2020 NB 10/1/2020 RB since it was just approved this week. We sincerely appreciate your consideration in this matter.

Warmest Regards,  
Richard Sieger, CPCU, ARe  
Business Insurance State Filings Manager  
(818) 936-8537

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**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Filer

**Created By:**

Carolyn Yap on 09/09/2020 10:32 AM

**Last Edited By:**

Carolyn Yap

**Submitted On:**

09/09/2020 10:33 AM

**Subject:**

Re: Status Request

**Comments:**

The current filing is still under review at this time. If I have any additional questions I will submit them via SERFF.

Thank you!

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**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Note To Reviewer

**Created By:**

Richard Sieger on 09/08/2020 03:49 PM

**Last Edited By:**

Richard Sieger

**Submitted On:**

09/08/2020 03:50 PM

**Subject:**

Status request

**Comments:**

We respectfully request a status update for this filing. We are eager to have this following form addition to Commercial Umbrella implemented. We sincerely appreciate your continued review.

Warmest Regards,

Richard Sieger, CPCU, ARe  
(818) 936-8537

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Post Submission Update Request Processed On 09/25/2020

Status: Allowed  
Created By: Richard Sieger  
Processed By: Beverly Bautista  
Comments:

### General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	11/01/2020	09/01/2020
Effective Date Requested (Renew)	11/01/2020	09/01/2020



State: California

Filing Company:

Truck Insurance Exchange

TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name: PCAM Follow Form

Project Name/Number: TD/US#F4334/O-CA-2020-BP-F

## Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		Preferred Community Association Management Coverage - Follow Form Endorsement	U5112-ED1	0920	END	New		38.000	U5112-ED1.pdf
2		Optional Extended Reporting Period For Preferred Community Association Management Coverage	U5113-ED1	0920	END	New		25.200	U5113-ED1.pdf

### Form Type Legend:

<b>ABE</b>	Application/Binder/Enrollment	<b>ADV</b>	Advertising
<b>BND</b>	Bond	<b>CER</b>	Certificate
<b>CNR</b>	Canc/NonRen Notice	<b>DEC</b>	Declarations/Schedule
<b>DSC</b>	Disclosure/Notice	<b>END</b>	Endorsement/Amendment/Conditions
<b>ERS</b>	Election/Rejection/Supplemental Applications	<b>OTH</b>	Other

## PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE - FOLLOW FORM ENDORSEMENT

THIS ENDORSEMENT PROVIDES CLAIMS MADE AND REPORTED COVERAGE. THIS ENDORSEMENT'S COVERAGE APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE, AND REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD, BUT IN NO EVENT MORE THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. DEFENSE COSTS SHALL BE IN ADDITION TO THE LIMIT OF LIABILITY FOR THESE COVERAGES AND ARE SUBJECT TO THE RETENTIONS.

This endorsement modifies coverage provided under the following:

### COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

The coverage provided by this endorsement shall follow the same provisions, exclusions, limitations and definitions provided in the "underlying insurance". The coverage provided under this endorsement will not be broader than that provided by the applicable "underlying insurance". This endorsement provides claims made and reported coverage.

The Commercial Liability Umbrella Coverage Form is amended as follows:

I. The following is added to **Section I - Coverages**:

- A. We will pay on behalf of the insured the "ultimate net loss" the insured becomes legally obligated to pay in excess of the "retained limit" of the applicable "underlying insurance", provided that a "claim":
1. Is first made against an insured during the "policy period" of this policy;
  2. Results from a covered "loss" to which the "underlying insurance" would apply but for the exhaustion of the "retained limit";
  3. Is a result of a "wrongful act" which occurred on or after the retroactive date as shown on the applicable "underlying insurance" and prior to the end of the "policy period" of this policy; and
  4. Is reported to us in accordance with **B. Notice of Claim**.

All "claims" arising out of "interrelated wrongful act" will be deemed to be one "claim" and will be deemed to have been made at the time the first of those "claims" is made.

**B. Notice of Claim**

You must give us written notice of a "claim" as soon as practicable after any "designated insured" becomes aware of such "claim". A "claim" will be deemed to have been first made when notice of such "claim" is received by any "designated insured" or by us, whichever comes first. You must provide such notice to us:

1. During the "policy period" in which the "designated insured" first became aware of the "claim", but in no event more than 60 days after the end of that "policy period"; or
2. During the Extended Reporting Period, if applicable, but in no event more than 60 days after the end of the Extended Reporting Period.

- C. Once the "retained limit" of the "underlying insurance" has been exhausted by the payment of

covered "loss" we have the right and duty to defend the insured, through counsel of our choice, against any "suit" to which the applicable "underlying insurance" applies. We may, at our discretion, settle any "claim" for a "wrongful act" to which this insurance applies. Our obligation to defend any "suit" ends once we have paid our Policy Aggregate Limit. No other obligation to pay sums or perform acts or services is covered unless explicitly provided for under **Supplementary Payments** in **Section II.** of this endorsement.

D. If the "underlying insurance" includes coverage for Third Party Discrimination And Employment Practices Liability, then the following exclusions do not apply to the coverage provided by this endorsement:

1. Exclusion **h. Employment-related Practices** under Paragraph **2. Exclusions** of **Section I – Coverage A - Bodily Injury And Property Damage Liability**; and
2. Exclusion **a.(14) Employment-related Practices** under Paragraph **2., Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability**.

E. The amount we will pay is limited as described in **Supplementary Payments** and **Section III - Limits Of Insurance** of this endorsement.

II. **Supplementary Payments - Coverages A And B** under **Section I - Coverages** is deleted and replaced with the following:

#### **Supplementary Payments**

1. We will pay, with respect to any covered "claim" we investigate, defend or settle:
  - a. All expenses we incur in the investigation or handling of a covered "claim".
  - b. The premium on bonds to appeal a judgment or award in any "suit" we defend or the premium on bonds to release attachments, but only for bond amounts within the applicable Each Occurrence Limit of Liability shown in the Declarations. We do not have to furnish these bonds. We do not have to provide security or collateral for these bonds.
  - c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim", including actual loss of earnings up to \$250 a day because of time off from work.
  - d. All costs taxed against the insured in a "suit", excluding prevailing party attorney fees. Supplementary Payments do not include prevailing party attorney fees.
  - e. Prejudgment and post judgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment or post judgment interest based on that period of time after the offer.

These payments will not reduce the applicable limit of liability.

2. When we have the right but not the duty to defend the insured and elect to participate in the defense, we will pay our own expenses but will not contribute to the expenses of the insured or the "underlying insurer".

#### III. **Who Is An Insured**

**Section II - Who Is An Insured** is deleted and replaced with the provisions regarding **Who Is An Insured** in the "underlying insurance".

IV. **Section III - Limits of Insurance** is deleted and replaced with the following:

#### **Section III – Limits of Insurance**

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. "Claims" made or "suits" brought; or

- c. Persons or organizations making "claims" or bringing "suits".
2. The Aggregate Limit is the most we will pay for the sum of all "ultimate net loss" under:
    - a. Coverage **A**, except "ultimate net loss" because of "bodily injury" or "property damage" arising out of the ownership, maintenance or use of a "covered auto";
    - b. Coverage **B**; and
    - c. Directors and Officers Errors and Omissions Liability coverage and/or Third Party Discrimination and Employment Practices Liability coverage provided by this endorsement.
  3. Our obligation to pay damages on behalf of the insured applies only to the amount of "ultimate net loss" in excess of the "retained limit". If there is "underlying insurance" with a policy period that is nonconcurrent with the "policy period" of this endorsement, the "retained limit" will only be reduced or exhausted by "claims" for that insurance that are made during the "policy period" or the Extended Reporting Period of this endorsement.

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations of the Policy to which this endorsement is attached, unless the "policy period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## V. Conditions

- A. Condition **3. Duties In The Event of Occurrence, Offense, Claim or Suit**, is deleted and replaced with the following:

### 3. Duties In The Event Of "Claim"

In the event of a "claim", you and any other involved insured must:

- a. Provide the identity of any person alleging any "wrongful act";
- b. Provide the identity of any insured who allegedly committed the "wrongful act";
- c. Provide the identity of any witnesses to the alleged "wrongful act";
- d. Provide the date(s) of an alleged "wrongful act";
- e. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with a "claim";
- f. Authorize us to obtain statements, records and other information relating to such "claim" and its defense;
- g. Cooperate with us in the investigation, settlement, or defense of the "claim"; and
- h. Assist us upon our request in the enforcement of any right against any person or organization which may be liable to the insured because of "loss" to which this insurance may also apply.

- B. Paragraphs **a.** and **b.** of Condition **5. Other Insurance**, are deleted and replaced with the following:

- a. If other valid and collectible insurance is available to the insured for a "claim" we cover, this insurance is excess over any such other insurance, whether primary, excess, contingent or on any other basis.

When this insurance is excess, we will pay only our share of the amount of the "ultimate net loss", if any, that exceeds the sum of:

1. The total amount that all such other insurance would pay for the "ultimate net loss" in the absence of this insurance; and

2. The total of all deductibles, retentions and self-insured amounts under such other insurance.

C. Condition **7. Representations Or Fraud** is deleted and replaced with the following:

**Concealment, Misrepresentation Or Fraud**

1. This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:
  - a. This policy; or
  - b. A claim under this policy.
2. By accepting this coverage, you agree:
  - a. The statements and representations made during or as part of the application process for this coverage are accurate and complete;
  - b. We have issued this policy in reliance upon your statements and representations;
  - c. If any material statements or representations we relied upon in issuing this policy are untrue, this policy shall be voidable; and
  - d. If an insured intentionally conceals or misrepresents a material fact or commits fraud relating to a "claim", then we will not pay for any "loss" or damage sustained by that insured.

D. Condition **8. Separation Of Insureds** does not apply.

**VI. Extended Reporting Period**

A. If this policy is:

1. Cancelled for any reason other than nonpayment of premium; or
2. Not renewed;

and we have issued an Extended Reporting Period endorsement for the "underlying insurance", the Named Insured shall have the right to purchase an Extended Reporting Period for the coverage provided by this endorsement. When purchased, the Extended Reporting Period shall commence on the effective date of the cancellation or nonrenewal described above. The Extended Reporting Period shall only apply to "claims" first made against the insured during the Extended Reporting Period for "wrongful acts" committed on or after the applicable retroactive date shown in the Declarations of this policy and prior to the end the "policy period" or the effective cancellation or nonrenewal date of this policy, whichever occurs first.

B. You may request an Extended Reporting Period of 12, 24 or 36 months. This Extended Reporting Period must be the same as the Extended Reporting Period of the applicable "underlying insurance". We must receive your written request to purchase an Extended Reporting Period within 60 days after the end of the "policy period" set forth in the Declarations or the effective cancellation or nonrenewal date, whichever occurs first.

The additional premium for an Extended Reporting Period will be a percentage of the expiring annual premium charged for this excess Directors and Officers Errors and Omissions Liability coverage and/or Third Party Discrimination and Employment Practices Liability coverage for the last "policy period", as follows:

1. One year - 75%;
2. Two years - 140%; and
3. Three years - 200%.

We will issue an Extended Reporting Period endorsement upon receipt of your written request if we have issued an Extended Reporting Period endorsement for the applicable "underlying

insurance". You must pay the additional premium for the Extended Reporting Period when due. If payment is not received when due, the endorsement is null and void. The additional premium will be fully earned when the Extended Reporting Period Endorsement takes effect. We may not cancel the endorsement if payment is received when due.

- C. Our Extended Reporting Period will be for the same duration as, and available in accordance with the same terms and conditions as the Extended Reporting Period of the applicable "underlying insurance".
- D. The Extended Reporting Period is part of, and not in addition to, the "policy period". It will not, in any way, reinstate or increase the Limits of Insurance available, or change the scope of coverage provided.

## **VII. Definitions**

For the purposes of coverage provided by this endorsement:

- A. All Definitions in the "underlying insurance" apply. When this policy and the "underlying insurance" include the same defined term, this endorsement shall follow the Definition in the "underlying insurance".
- B. The following Definitions are deleted and replaced:
  - 1. "Coverage territory" means the United States of America, including its territories and possessions and Puerto Rico.
  - 2. "Underlying insurance" means claims made and reported coverage for Directors And Officers Errors And Omissions Liability and/or Third Party Discrimination And Employment Practices Liability provided by the Preferred Community Association Management Coverage Form listed in the Declaration under the Schedule of "underlying insurance".
  - 3. "Ultimate net loss" means the total amount which the insured becomes legally obligated to pay as damages, judgments or settlements on account of all "claims" made against the insured for "wrongful acts" to which this insurance applies. "Ultimate net loss" includes prevailing party attorney fees, regardless of whether they are deemed to be damages or costs, but only to the extent the prevailing party attorney fees are for "wrongful acts" to which this insurance otherwise applies.
- C. The following Definitions do not apply:
  - 1. "Executive officer";
  - 2. "Leased worker";
  - 3. "Temporary worker"; and
  - 4. "Volunteer worker".

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all other terms of the policy.

## **OPTIONAL EXTENDED REPORTING PERIOD FOR PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE**

This endorsement modifies insurance provided under the:

PREFERRED COMMUNITY ASSOCIATION MANAGEMENT COVERAGE –  
FOLLOW FORM ENDORSEMENT

- A.** This Optional Extended Reporting Period Endorsement is provided, as described in Section **VI. Extended Reporting Period** of the Preferred Community Association Management Coverage – Follow Form Endorsement. This Optional Extended Reporting Period will be for the same duration as, and available in accordance with the same terms and conditions as the Optional Extended Reporting Period of the applicable "underlying insurance".
- B.** For the purposes of the coverage provided by this endorsement, the following is added:
- This insurance is excess over and shall not contribute with any of the other insurance, whether primary, excess, contingent, or on any other basis whose policy period begins or continues after the Optional Extended Reporting Period Endorsement takes effect.
- C.** This endorsement will not take effect unless the additional premium for it, as set forth in Section **VI. Extended Reporting Period** of the Preferred Community Association Management Coverage – Follow Form Endorsement, is paid when due. If that premium is paid when due, this endorsement may not be cancelled by us.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

**SERFF Tracking #:**

FARM-132411700

**State Tracking #:**

20-1883

**Company Tracking #:**

O3CA20607CURS2

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**State:**

California

**Filing Company:**

Truck Insurance Exchange

**TOI/Sub-TOI:**

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

**Product Name:**

PCAM Follow Form

**Project Name/Number:**

TD/US#F4334/O-CA-2020-BP-F

## Rate Information

Rate data does NOT apply to filing.



SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

State:

California

Filing Company:

Truck Insurance Exchange

TOI/Sub-TOI:

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name:

PCAM Follow Form

Project Name/Number:

TD/US#F4334/O-CA-2020-BP-F

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Commercial Umbrella Manual	Pages 2504, 2506, 2508, 2510	Replacement	19-1855	CAC2501doi.pdf

## Minimum Underlying Limits

	<b>Underlying Limit</b>
<b>Businessowners Liability</b>	
Liability & Medical Expense	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
All Other Injury or Damage Aggregate	\$2,000,000
Liquor Liability – Each Occurrence	\$1,000,000
<b>Commercial General Liability</b>	
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
<b>Garage Liability</b>	
Garage Operations – Other than Covered Autos	
Each Accident	\$1,000,000
Aggregate	\$2,000,000
Garage Operations – Covered Autos	
Each Accident	\$1,000,000
<b>Directors &amp; Officers Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Commercial Auto Liability</b>	
Combined Single Limit	\$1,000,000
Split Limits	
Each Person	\$1,000,000
Each Accident	\$1,000,000
Property Damage	\$1,000,000
<b>Professional Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Employers Liability</b>	
Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000
<b>★ Preferred Community Association Management Coverage</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000

## Determination of Final Umbrella Premium

From the Liability Class Rate Group table, determine the applicable Flat & Standard Plan Class Rate Groups. Then determine if the account is eligible for Flat or Standard Rating and follow the applicable Plan rules.

### Flat Rating Plan

1. Determine the appropriate Flat Plan charge.
2. Add Directors & Officers Liability charge, if applicable.
  - a. Determine the umbrella premium for the first million by multiplying the Directors & Officers rate by the appropriate underlying premium.
  - b. Determine the excess million premium charge for each additional umbrella layer by multiplying the Excess Limit Factor that corresponds to Class Rate 2 by the premium determined in Step 2a.
3. Add the results of Step 1 and Step 2 for each million of umbrella coverage.

### ★ Standard Rating Plan

1. Determine the umbrella premium for the first million by multiplying the applicable rating factors by the corresponding underlying exposure base. Minimum premium rules apply. The components of first million umbrella premium include:
  - a. General Liability including swimming pools charge (if any)
  - b. Automobile Liability
    - i. For each vehicle type, premium is determined by the higher of:
      1. The applicable underlying sum of Automobile Liability premium multiplied by the applicable Auto Liability Rate, or;
      2. The applicable underlying count of vehicles multiplied by the applicable Per Vehicle Charge.
    - ii. If Hired or Non-Owned Auto coverages are present, add the applicable charge(s).
  - c. Liquor Liability
  - d. Directors & Officers Liability written with Businessowners policies
  - e. Preferred Community Association Management coverage
2. Determine the premium charge for each additional million of umbrella coverage by multiplying the appropriate Excess Limit Factor by the total umbrella premium for the first million developed in step 2. Per-layer minimum premium rules apply
3. Determine the additional per-million Professional Liability premium charges, if applicable. These charges apply in addition to per-million minimum premiums in Step 1.
4. Additional rules apply as follows:
  - a. Liquor Liability – Non-Businessowners: The liquor liability portion of the first and excess layer premiums is subject to a minimum charge of \$150 per million
  - b. Directors & Officers Liability – Non-Businessowners: Per-million flat premium charges apply in addition to the per-million minimum premiums in Step 1.
5. Add the results of Step 1 through Step 4.
6. Schedule rating for eligible accounts applies to the premium determined in Step 5, observing all per layer minimum premiums.

For determining the appropriate Minimum Premiums & Excess Limit Factors for accounts with multiple Standard Plan Class Rate Groups or states, choose the one which has the highest amount of associated 1<sup>st</sup> million premium.

## Flat Rating Plan

### Per Layer\* Charge, by Flat Plan Class Rate Group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
<b>Without Auto</b>	\$350	\$350	\$400	\$400	\$450	\$550
<b>With Auto</b>	\$400	\$400	\$450	\$450	\$500	\$600

\*Per-layer premium applies to each million of umbrella coverage

## Standard Rating Plan

### General Liability – Umbrella First Million Rates – Businessowners Program

Industry	SIC	Underlying Liability		Exposure Base
		\$1,000,000	\$2,000,000	
Artisan Contractors	All	13.00%	9.00%	Modified Liability Premium
Auto Service & Repair	All	10.00%	5.00%	Modified Garage Liability Premium
Auto Trades – Dealers	All	12.00%	6.00%	Modified Garage Liability Premium
Auto Trades – Non-Dealers	All	10.00%	5.00%	Modified Garage Liability Premium
Commercial Real Estate	All	3.20%	2.00%	Modified Total Policy Premium
Habitational	8641	\$3.00	\$1.50	Total Number of Residential Units
Habitational	All other SIC	\$3.00	\$1.50	Total Number of Residential Units
Institutional	8351, 8211, 8243, 8244, 8249, 8299, 8661	13.00%	9.00%	Modified Liability Premium
Institutional	All other SIC	10.00%	6.92%	Modified Liability Premium
Manufacturing	All	15.00%	N/A	Modified Liability Premium
Restaurants	All	13.00%	9.00%	Modified Liability Premium
Retail, Office, Service	All	3.20%	2.00%	Modified Total Policy Premium
Wholesale/Distribution	All	5.20%	3.60%	Modified Total Policy Premium

For \$3,000,000 underlying limit, multiply the \$2,000,000 rate by .90

- ★ Modified premium does not include premium for the following coverages: Abusive Acts, Commercial Auto Physical Damage, Commercial Auto Liability, Directors & Officers Liability, Preferred Community Association Management coverage, Employment Practices Liability, Cyber Liability, Professional Liability, Contractor's E&O, or Pollution Liability.

Modified premium does not include charges for Certified Acts of Terrorism.

## Miscellaneous Charges

### For coverages present on Businessowners Policies:

Coverage	Underlying Liability Limit			Exposure Base
	\$1,000,000	\$2,000,000	\$3,000,000	
★ Preferred Community Association Management	36%	17%	N/A	Underlying PCAM Premium
Directors & Officers Liability	18%*	11%*	N/A	Underlying D&O Premium
Liquor Liability	18%	11%	N/A	Underlying Liquor Liability
Swimming Pools	\$150	\$150	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums, but are reduced by Excess Factors.

### ★ Extended Reporting Periods:

Charge 200% of annual expiring Directors & Officers Liability premium.

Charge the following percentages of annual expiring Preferred Community Association Management coverage premium.

One year: 75%                      Two years: 140%                      Three years: 200%

Professional Liability Exposure	Underlying Liability Limit	
	\$1,000,000	\$2,000,000
Barbers, Beauticians (Each)	\$25	\$15
Cemetery Professional Liability (Per Plot)	\$0.03	\$0.02
Educational Counseling (Per Staff Member*)	\$35	\$21
Family & Marriage Counseling (Per Staff Member*)	\$35	\$21
Pastoral Professional Liability (Per Staff Member*)	\$25	\$15
Printers Errors and Omissions (Each Location)	\$11	\$7
Spa Services (Each Spa Service Provider)	\$35	\$21
Vocational Rehabilitation Counseling	\$35	\$21

Rates apply to the underlying exposure base to determine additional per-layer premium which is in addition to the per-layer minimum premiums.

\*Total ratable staff members are determined by adding the number of full time professional staff members to 1/2 the number of part time professional staff members.

### For coverages present on non-Businessowners Policies:

Coverage	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Directors & Officers Liability	\$250*	\$250*	Per Layer
Liquor Liability	18%**	11%**	Underlying Liquor Liability Premium
Swimming Pools	\$200	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums.

\*\*Subject to a minimum premium of \$150 per layer.

**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

State:

California

Filing Company:

Truck Insurance Exchange

TOI/Sub-TOI:

17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name:

PCAM Follow Form

Project Name/Number:

TD/US#F4334/O-CA-2020-BP-F

## Supporting Document Schedules

<b>Satisfied - Item:</b>	New Prior Approval Rate Application
<b>Comments:</b>	
<b>Attachment(s):</b>	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf PriorAppRateAPL_Ed01-06-2020v2.xlsm Exhibit 19.xlsx PriorAppRateAPL_Ed01-06-2020v2.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Complete Current and Proposed Manuals and tracked changes version
<b>Comments:</b>	Current manual CAC2501current.pdf is from filing FARM-131939211. Proposed manual CAC2501.pdf Tracked changes version ManualComparison.pdf
<b>Attachment(s):</b>	CAC2501current.pdf ManualComparisonv2.pdf CAC2501proposed.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Rating Samples
<b>Comments:</b>	
<b>Attachment(s):</b>	UMB PCAM CA Sample Rating.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Responses to objection dated 08 14 2020
<b>Comments:</b>	
<b>Attachment(s):</b>	FARM-132411700 Objection Response 6.pdf UMB PCAM CA Sample Rating.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

**Farmers Insurance Group**  
**Commercial Multi-Peril – Businessowners Programs**  
**State of California**  
**Truck Insurance Exchange**

Form Filing Explanatory Memorandum

Farmers Insurance Group of Companies respectfully submits this filing for our new optional Umbrella follow form endorsements to coordinate with our recently filed Preferred Community Association Management (PCAM) Coverage Form. The PCAM was filed under SERFF/State Tracking 20-1451; 20-1451-A; 20-1451-B which provides an expanded range of coverages for associations that will compete with and compare favorably to those that our major competitors already offer. To that end, we are pleased to submit for your review and approval the following new follow form endorsement and extended reporting period endorsement.

U5112-ED1, Preferred Community Association Management Coverage – Follow Form Endorsement. This new optional form will extend the coverage available on our underlying coverage form to our Umbrella. We have written this coverage form based on our analysis of similar offerings in the community association marketplace.

U5113-ED1, Optional Extended Reporting Period For Preferred Community Association Management Coverage. This optional endorsement will be issued when an insured purchases an optional extended reporting period for claims-made coverage provided by the Preferred Community Association Management Coverage - Follow Form Endorsement.

This filing is effective for Truck Insurance Exchange NAIC #21709.

Our proposed effective date for the implementation of these forms is September 1, 2020 for New Business and Renewals. Your early acknowledgment of this filing is appreciated. If you have any questions regarding this form filing, please contact Lori Ginther via telephone at 818/936-8422 and via email to [Lori.Ginther@farmersinsurance.com](mailto:Lori.Ginther@farmersinsurance.com).

## COMMERCIAL UMBRELLA TABLE OF CONTENTS

Policy Term .....	2503
Minimum Premiums per Layer .....	2503
Minimum Retained Limit (Self-Insured Retention) .....	2503
Minimum Underlying Limits .....	2504
Flat Rating Plan Eligibility Rules .....	2505
Standard Rating Plan Eligibility Rule .....	2505
Determination of Final Umbrella Premium .....	2506
Flat Rating Plan .....	2506
Standard Rating Plan .....	2506
Liability Class Rate Groups – Businessowners Program .....	2507
Flat Rating Plan .....	2508
Per Layer* Charge, by Flat Plan Class Rate Group .....	2508
Standard Rating Plan .....	2508
General Liability – Umbrella First Million Rates – Businessowners Program .....	2508
General Liability – Umbrella First Million Rates – For underlying policies other than Businessowners .....	2509
Miscellaneous Charges .....	2510
Commercial Auto Liability .....	2511
Excess Limit Factors .....	2511
Schedule Rating .....	2512
Facultative and Treaty Special Acceptance Reinsurance .....	2512



## COMMERCIAL UMBRELLA INDEX

Automobile Rating .....	2511
Determination of Final Umbrella Premium.....	2506
Excess Limit Factors.....	2511
Facultative and Treaty Special Acceptance Reinsurance .....	2512
Flat Rating Plan .....	2508
Liability Hazard Groups .....	2507
Minimum Premiums .....	2503
Minimum Underlying Limits .....	2504
Miscellaneous Charges .....	2510
Policy Term .....	2503
Schedule Rating .....	2512
Select Flat Rating Plan Eligibility Rules.....	2505
Standard Rating Plan.....	2508
Standard Rating Plan Eligibility Rules .....	2505

## **RULES, RATES, AND TERRITORIES COMMERCIAL UMBRELLA**

### **Policy Term**

Policies are only written for a one-year term.

Quotes initiated prior to the implementation date of these new rates and rules will be honored under the prior rates and rules.

### **Minimum Premiums per Layer**

Minimum premiums apply on a per-layer (each million of umbrella coverage) basis.

#### **Flat Plan Minimum Premiums**

The Minimum Premium is the same as the applied Per Layer charge.

#### **Standard Plan Minimum Premiums**

<b>Umbrella Million</b>	<b>Standard Plan Class Rate Group</b>					
	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>	<b>Group 5</b>	<b>Group 6</b>
All Layers	\$450	\$500	\$500	\$550	\$550	\$650

### **Minimum Retained Limit (Self-Insured Retention)**

The SIR is \$10,000

## Minimum Underlying Limits

	<b>Underlying Limit</b>
<b>Businessowners Liability</b>	
Liability & Medical Expense	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
All Other Injury or Damage Aggregate	\$2,000,000
Liquor Liability – Each Occurrence	\$1,000,000
<b>Commercial General Liability</b>	
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
<b>Garage Liability</b>	
Garage Operations – Other than Covered Autos	
Each Accident	\$1,000,000
Aggregate	\$2,000,000
Garage Operations – Covered Autos	
Each Accident	\$1,000,000
<b>Directors &amp; Officers Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Commercial Auto Liability</b>	
Combined Single Limit	\$1,000,000
Split Limits	
Each Person	\$1,000,000
Each Accident	\$1,000,000
Property Damage	\$1,000,000
<b>Professional Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Employers Liability</b>	
Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000

## Flat Rating Plan Eligibility Rules

### All Programs

- Accounts must be written over a Businessowners program
- No more than one scheduled underlying Businessowners policy
- No Liquor Liability exposure
- Two (2) vehicle maximum.
- No vehicles other than private passenger, light trucks, or medium weight trucks.
- No vehicles regularly operated beyond an intermediate radius.
- For purposes of Flat Rating Plan Eligibility, Hired Auto coverage & Non-Owned Auto coverage are each treated as one private passenger vehicle.

### Premium Size Eligibility Rules

The total modified ratable Liability or Policy premium of the underlying Businessowner's policy must not exceed the premium threshold. This does not apply to Habitational or Hospitality policies.

Flat Plan Group	Premium Threshold
Group 1	\$6,500
Group 2	\$4,000
Group 3	\$4,000
Group 4	\$4,000
Group 5	\$4,000
Group 6	\$3,000

### Artisan Contractors

- Total Payroll must not exceed \$90,000
- No payroll allocated to subcontractors

### Auto Service and Repair

- No vehicles used for towing
- No automobile dealers (new or used)

### Habitational

- No more than 100 residential units when there is no swimming pool, hot tub, or spa exposure.
- No more than 50 residential units when there is a swimming pool, hot tub, or spa exposure.
- No more than 1 swimming pool, hot tub, or spa exposure.
- No sauna, steam room, or private lakes.
- No Restaurant exposure at the residential units' location.

### Restaurants

- No dance floor, live entertainment, arcade or gaming machines of any type

### Manufacturing

- All Manufacturing policies are ineligible for the Flat Rating Plan rating.

## Standard Rating Plan Eligibility Rule

The Standard Rating Plan applies to policies which are not eligible for the Flat Rating Plan.

## Determination of Final Umbrella Premium

From the Liability Class Rate Group table, determine the applicable Flat & Standard Plan Class Rate Groups. Then determine if the account is eligible for Flat or Standard Rating and follow the applicable Plan rules.

### Flat Rating Plan

1. Determine the appropriate Flat Plan charge.
2. Add Directors & Officers Liability charge, if applicable.
  - a. Determine the umbrella premium for the first million by multiplying the Directors & Officers rate by the appropriate underlying premium.
  - b. Determine the excess million premium charge for each additional umbrella layer by multiplying the Excess Limit Factor that corresponds to Class Rate 2 by the premium determined in Step 2a.
3. Add the results of Step 1 and Step 2 for each million of umbrella coverage.

### Standard Rating Plan

1. Determine the umbrella premium for the first million by multiplying the applicable rating factors by the corresponding underlying exposure base. Minimum premium rules apply. The components of first million umbrella premium include:
  - a. General Liability including swimming pools charge (if any)
  - b. Automobile Liability
    - i. For each vehicle type, premium is determined by the higher of:
      1. The applicable underlying sum of Automobile Liability premium multiplied by the applicable Auto Liability Rate, or;
      2. The applicable underlying count of vehicles multiplied by the applicable Per Vehicle Charge.
    - ii. If Hired or Non-Owned Auto coverages are present, add the applicable charge(s).
  - c. Liquor Liability
  - d. Directors & Officers Liability written with Businessowners policies
2. Determine the premium charge for each additional million of umbrella coverage by multiplying the appropriate Excess Limit Factor by the total umbrella premium for the first million developed in step 2. Per-layer minimum premium rules apply
3. Determine the additional per-million Professional Liability premium charges, if applicable. These charges apply in addition to per-million minimum premiums in Step 1.
4. Additional rules apply as follows:
  - a. Liquor Liability – Non-Businessowners: The liquor liability portion of the first and excess layer premiums is subject to a minimum charge of \$150 per million
  - b. Directors & Officers Liability – Non-Businessowners: Per-million flat premium charges apply in addition to the per-million minimum premiums in Step 1.
5. Add the results of Step 1 through Step 4.
6. Schedule rating for eligible accounts applies to the premium determined in Step 5, observing all per layer minimum premiums.

For determining the appropriate Minimum Premiums & Excess Limit Factors for accounts with multiple Standard Plan Class Rate Groups or states, choose the one which has the highest amount of associated 1<sup>st</sup> million premium.

### Liability Class Rate Groups – Businessowners Program

Industry	SIC	Flat Plan Class Rate Group	Standard Plan Class Rate Group
Auto Service	All SICs	3	4
Contractors	All SICs	3	4
Habitational	8641 – Condominiums	1	2
Habitational	6513 – Apartments	1	2
Habitational	All Other SICs	3	4
Institutional	All SICs	3	4
Manufacturing	All SICs	n/a	5
Real Estate	All SICs	3	4
Restaurant	All SICs	3	4
Retail, Office, Service	All Retail SICs	1	2
Retail, Office, Service	All Office SICs	1	2
Retail, Office, Service	All Service SICs	1	2
Wholesale	All SICs	3	4

### Minimum Class Rate Groups for Standard Plan

If the underlying policy contains any of the following underlying exposures, the Commercial Umbrella policy will be assigned the greater of the corresponding Minimum Group for that characteristic or the Class Rate Group assigned to the policy.

Underlying policies with the below exposures are applicable in the Standard Rating Plan only.

Underlying Exposure	Minimum Group
More than 5 vehicles	5
Heavy Trucks	5
Extra Heavy Trucks	5
Tractor Trailers	5
Tow Trucks	5
Liquor Liability Exposure	4

## Flat Rating Plan

### Per Layer\* Charge, by Flat Plan Class Rate Group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
<b>Without Auto</b>	\$350	\$350	\$400	\$400	\$450	\$550
<b>With Auto</b>	\$400	\$400	\$450	\$450	\$500	\$600

\*Per-layer premium applies to each million of umbrella coverage

## Standard Rating Plan

### General Liability – Umbrella First Million Rates – Businessowners Program

Industry	SIC	Underlying Liability		Exposure Base
		\$1,000,000	\$2,000,000	
Artisan Contractors	All	13.00%	9.00%	Modified Liability Premium
Auto Service & Repair	All	10.00%	5.00%	Modified Garage Liability Premium
Auto Trades – Dealers	All	12.00%	6.00%	Modified Garage Liability Premium
Auto Trades – Non-Dealers	All	10.00%	5.00%	Modified Garage Liability Premium
Commercial Real Estate	All	3.20%	2.00%	Modified Total Policy Premium
Habitational	8641	\$3.00	\$1.50	Total Number of Residential Units
Habitational	All other SIC	\$3.00	\$1.50	Total Number of Residential Units
Institutional	8351, 8211, 8243, 8244, 8249, 8299, 8661	13.00%	9.00%	Modified Liability Premium
Institutional	All other SIC	10.00%	6.92%	Modified Liability Premium
Manufacturing	All	15.00%	N/A	Modified Liability Premium
Restaurants	All	13.00%	9.00%	Modified Liability Premium
Retail, Office, Service	All	3.20%	2.00%	Modified Total Policy Premium
Wholesale/Distribution	All	5.20%	3.60%	Modified Total Policy Premium

For \$3,000,000 underlying limit, multiply the \$2,000,000 rate by .90

Modified premium does not include premium for the following coverages: Abusive Acts, Commercial Auto Physical Damage, Commercial Auto Liability, Directors & Officers Liability, Employment Practices Liability, Cyber Liability, Professional Liability, Contractor's E&O, or Pollution Liability.

Modified premium does not include charges for Certified Acts of Terrorism.

## Standard Rating Plan (continued)

### General Liability – Umbrella First Million Rates – For underlying policies other than Businessowners

When applicable, rates apply separately to Premises/Operations and Products/Completed Operations premium. Refer to the General Liability rate manual to determine table assignments.

Type of Exposure	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Apartments/Condominiums	\$3.00	\$1.50	Total Number of Residential Units
Garage Liability – Dealers	12.0%	6.0%	Modified Garage Liability Premium
Garage Liability – Non-Dealers	10.0%	5.0%	Modified Garage Liability Premium
Premises/Operations			
Low Hazard (Table 1)	8.0%	5.0%	Modified Prem/Ops Premium
Moderate Hazard (Table 2)	13.0%	9.0%	Modified Prem/Ops Premium
High Hazard (Table 3)	21.0%	14.0%	Modified Prem/Ops Premium
Products/Completed Operations			
Low Hazard (Table A)	6.0%	4.0%	Modified Prod/Comp Ops Premium
Moderate Hazard (Table B)	13.0%	8.0%	Modified Prod/Comp Ops Premium
High Hazard (Table C)	18.0%	11.0%	Modified Prod/Comp Ops Premium

Limit ID Table Assignment*	Standard Plan Class Rate Group
1,A	2
2,B	3
3,C	4

\*Refer to Commercial General Liability rate manual for table assignments. Each General Liability classification is assigned a Limit ID where 1, 2 and 3 refers to the Premises/Operations subline and A, B and C refer to Products/Completed Operations subline. If the Class Rate grade assignments for Premises/Operations and Products/Completed Operations differ, choose the Class Rate grade for the subline which generates the most premium.



## Miscellaneous Charges

### For coverages present on Businessowners Policies:

Coverage	Underlying Liability Limit			Exposure Base
	\$1,000,000	\$2,000,000	\$3,000,000	
Directors & Officers Liability	18%*	11%*	N/A	Underlying D&O Premium
Liquor Liability	18%	11%	N/A	Underlying Liquor Liability
Swimming Pools	\$150	\$150	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums, but are reduced by Excess Factors.  
**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

Professional Liability Exposure	Underlying Liability Limit	
	\$1,000,000	\$2,000,000
Barbers, Beauticians (Each)	\$25	\$15
Cemetery Professional Liability (Per Plot)	\$0.03	\$0.02
Educational Counseling (Per Staff Member*)	\$35	\$21
Family & Marriage Counseling (Per Staff Member*)	\$35	\$21
Pastoral Professional Liability (Per Staff Member*)	\$25	\$15
Printers Errors and Omissions (Each Location)	\$11	\$7
Spa Services (Each Spa Service Provider)	\$35	\$21
Vocational Rehabilitation Counseling	\$35	\$21

Rates apply to the underlying exposure base to determine additional per-layer premium which is in addition to the per-layer minimum premiums.

\*Total ratable staff members are determined by adding the number of full time professional staff members to 1/2 the number of part time professional staff members.

### For coverages present on non-Businessowners Policies:

Coverage	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Directors & Officers Liability	\$250*	\$250*	Per Layer
Liquor Liability	18%**	11%**	Underlying Liquor Liability Premium
Swimming Pools	\$200	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums.

\*\*Subject to a minimum premium of \$150 per layer.

**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

### Commercial Auto Liability

Vehicle Type	\$1,000,000 Underlying Limit		\$2,000,000 Underlying Limit	
	Rate	Per Vehicle Charge	Rate	Per Vehicle Charge
Private Passenger	13%	\$87	10%	\$44
Light Trucks	13%	\$87	10%	\$44
Medium Trucks	9%	\$98	7%	\$49
Heavy Trucks	11%	\$173	9%	\$87
Extra Heavy Trucks	14%	\$270	10%	\$135
Truck-Tractor	14%	\$330	10%	\$165

Hired Auto & Non-Owned Auto coverages are each a \$25 flat charge.

### Excess Limit Factors

Limit	Standard Plan Class Rate Groups		
	1-2	3-4	5-6
\$2,000,000	30.0%	40.0%	50.0%
\$3,000,000	15.0%	20.0%	25.0%
\$4,000,000	7.5%	10.0%	12.5%
\$5,000,000	3.8%	5.0%	6.3%
\$6,000,000 - \$25,000,000	3.0%	4.0%	5.0%

## Schedule Rating

Accounts generating unmodified umbrella premium in excess of \$3,000 on the Standard Plan are eligible for schedule rating.

Schedule rating may be applied to the final umbrella premium using the factors shown below (subject to per million minimum premiums). The maximum credit or debit a risk may receive is 25%. The maximum credit or debit contribution from any one factor will be limited to 25%.

	Debit		Credit
A. The nature of the insured's operations has the inherent probability of an occurrence developing a catastrophic loss unless adequate controls are in place.	-25%	To	25%
B. The insured's product could easily be misused by the end user, has a long life, or could cause serious bodily injury or property damage if not adequately controlled.	-25%	To	25%
C. The insured's life safety protection is adequate/inadequate for crowd control or the reduction of loss of life or serious injury in a densely populated structure.	-25%	To	25%
D. The insured's automobile operations present a greater exposure to large losses due to the type of vehicles operated, the radius of operation or the nature of the products being carried.	-25%	To	25%

Modifications are applied in increments of 1%.

These factors are not to be duplicated in the umbrella pricing if already reflected in the underlying pricing. An underwriting file must contain documentation to justify any modifications that are applied under the provisions of this plan. The documentation must include an explanation of the risk characteristics generating the modifications and the amount of modification for each characteristic.

## Facultative and Treaty Special Acceptance Reinsurance

In the event a risk is to be reinsured on a facultative, or treaty special acceptance basis, the following rating procedure shall apply:

- A. The applicable rating procedure of this manual shall apply for the limits of liability or coverages which are not subject to facultative reinsurance.
- B. For limits of liability or coverage obtained by means of facultative reinsurance, the premium shall be the facultative cost for such reinsurance increased by the actual expenses incurred in obtaining the reinsurance, not to exceed 50% of the cost for such reinsurance.
- C. For limits of liability or coverage obtained by means of a treaty special acceptance, the premium shall be the treaty special acceptance cost for such insurance.
- D. When premium is determined by B. or C. above the policy premium shall not exceed 300% of the filed manual rate. Documentation supporting the cost will be maintained while the policy is in force and for at least three years from the policy inception.

## Certified Acts of Terrorism

Originally established with the Terrorism Risk Insurance Act and provided that it is continued with subsequent reauthorization, extension, modification or similar federal government act(s) (ACT), a federal program is created to share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the appropriate government official(s) declares a Certified Act of Terrorism. Relevant details on what would constitute a Certified Act of Terrorism to the scope and the extent of the federal government's participation will be provided in the applicable policy forms. This provision serves to limit insurers' liability for losses. All insurers providing commercial property or casualty insurance are required to participate in the program to the extent of making available coverage for Certified Acts of Terrorism in accordance with the terms and conditions of coverage that apply to other perils.

Terms and conditions are subject to change by the action of Congress.

### New and Renewal Business

For all new and renewal business, an insurer must make available coverage for losses caused by Certified Acts of Terrorism. The insurer must disclose to the policyholder the premium for losses covered and the other required details such as existence of the industry wide insured loss cap and the federal share of compensation for such losses under the program at the time of offer and renewal of the policy.

Coverage for Certified Acts of Terrorism is a mandatory coverage, unless state law/regulation allows for exception to this rule."

### Premium Development

Apply the percentage charge shown in the table below to the final premium of each location. Final premium means the premium developed after application of all optional coverages and rating rules and factors including minimum premium.

Entire State.....	1.0%
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This Addendum will be effective as long as the Act, including any extension or modification thereof, is in effect. This Addendum will be void upon expiration of the Act.

## COMMERCIAL UMBRELLA TABLE OF CONTENTS

Policy Term.....	2503
Minimum Premiums per Layer.....	2503
Minimum Retained Limit (Self-Insured Retention).....	2503
Minimum Underlying Limits .....	2504
Flat Rating Plan Eligibility Rules.....	2505
Standard Rating Plan Eligibility Rule.....	2505
Determination of Final Umbrella Premium.....	2506
Flat Rating Plan.....	2506
Standard Rating Plan.....	2506
Liability Class Rate Groups – Businessowners Program.....	2507
Flat Rating Plan .....	2508
Per Layer* Charge, by Flat Plan Class Rate Group.....	2508
Standard Rating Plan.....	2508
General Liability – Umbrella First Million Rates – Businessowners Program.....	2508
General Liability – Umbrella First Million Rates – For underlying policies other than Businessowners .....	2509
Miscellaneous Charges .....	2510
Commercial Auto Liability .....	2511
Excess Limit Factors.....	2511
Schedule Rating .....	2512
Facultative and Treaty Special Acceptance Reinsurance.....	2512

## COMMERCIAL UMBRELLA INDEX

Automobile Rating .....	2511
Determination of Final Umbrella Premium.....	2506
Excess Limit Factors.....	2511
Facultative and Treaty Special Acceptance Reinsurance .....	2512
Flat Rating Plan .....	2508
Liability Hazard Groups .....	2507
Minimum Premiums .....	2503
Minimum Underlying Limits .....	2504
Miscellaneous Charges .....	2510
Policy Term .....	2503
Schedule Rating .....	2512
Select Flat Rating Plan Eligibility Rules.....	2505
Standard Rating Plan.....	2508
Standard Rating Plan Eligibility Rules .....	2505

## **RULES, RATES, AND TERRITORIES COMMERCIAL UMBRELLA**

### **Policy Term**

Policies are only written for a one-year term.

Quotes initiated prior to the implementation date of these new rates and rules will be honored under the prior rates and rules.

### **Minimum Premiums per Layer**

Minimum premiums apply on a per-layer (each million of umbrella coverage) basis.

#### **Flat Plan Minimum Premiums**

The Minimum Premium is the same as the applied Per Layer charge.

#### **Standard Plan Minimum Premiums**

<b>Umbrella Million</b>	<b>Standard Plan Class Rate Group</b>					
	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>	<b>Group 5</b>	<b>Group 6</b>
All Layers	\$450	\$500	\$500	\$550	\$550	\$650

### **Minimum Retained Limit (Self-Insured Retention)**

The SIR is \$10,000

## Minimum Underlying Limits

	<b>Underlying Limit</b>
<b>Businessowners Liability</b>	
Liability & Medical Expense	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
All Other Injury or Damage Aggregate	\$2,000,000
Liquor Liability – Each Occurrence	\$1,000,000
<b>Commercial General Liability</b>	
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
<b>Garage Liability</b>	
Garage Operations – Other than Covered Autos	
Each Accident	\$1,000,000
Aggregate	\$2,000,000
Garage Operations – Covered Autos	
Each Accident	\$1,000,000
<b>Directors &amp; Officers Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Commercial Auto Liability</b>	
Combined Single Limit	\$1,000,000
Split Limits	
Each Person	\$1,000,000
Each Accident	\$1,000,000
Property Damage	\$1,000,000
<b>Professional Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Employers Liability</b>	
Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000
<b>★ Preferred Community Association Management Coverage</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000



## Flat Rating Plan Eligibility Rules

### All Programs

- Accounts must be written over a Businessowners program
- No more than one scheduled underlying Businessowners policy
- No Liquor Liability exposure
- Two (2) vehicle maximum.
- No vehicles other than private passenger, light trucks, or medium weight trucks.
- No vehicles regularly operated beyond an intermediate radius.
- For purposes of Flat Rating Plan Eligibility, Hired Auto coverage & Non-Owned Auto coverage are each treated as one private passenger vehicle.

### Premium Size Eligibility Rules

The total modified ratable Liability or Policy premium of the underlying Businessowner's policy must not exceed the premium threshold. This does not apply to Habitational or Hospitality policies.

Flat Plan Group	Premium Threshold
Group 1	\$6,500
Group 2	\$4,000
Group 3	\$4,000
Group 4	\$4,000
Group 5	\$4,000
Group 6	\$3,000

### Artisan Contractors

- Total Payroll must not exceed \$90,000
- No payroll allocated to subcontractors

### Auto Service and Repair

- No vehicles used for towing
- No automobile dealers (new or used)

### Habitational

- No more than 100 residential units when there is no swimming pool, hot tub, or spa exposure.
- No more than 50 residential units when there is a swimming pool, hot tub, or spa exposure.
- No more than 1 swimming pool, hot tub, or spa exposure.
- No sauna, steam room, or private lakes.
- No Restaurant exposure at the residential units' location.

### Restaurants

- No dance floor, live entertainment, arcade or gaming machines of any type

### Manufacturing

- All Manufacturing policies are ineligible for the Flat Rating Plan rating.

## Standard Rating Plan Eligibility Rule

The Standard Rating Plan applies to policies which are not eligible for the Flat Rating Plan.

## Determination of Final Umbrella Premium

From the Liability Class Rate Group table, determine the applicable Flat & Standard Plan Class Rate Groups. Then determine if the account is eligible for Flat or Standard Rating and follow the applicable Plan rules.

### Flat Rating Plan

1. Determine the appropriate Flat Plan charge.
2. Add Directors & Officers Liability charge, if applicable.
  - a. Determine the umbrella premium for the first million by multiplying the Directors & Officers rate by the appropriate underlying premium.
  - b. Determine the excess million premium charge for each additional umbrella layer by multiplying the Excess Limit Factor that corresponds to Class Rate 2 by the premium determined in Step 2a.
3. Add the results of Step 1 and Step 2 for each million of umbrella coverage.

### ★ Standard Rating Plan

1. Determine the umbrella premium for the first million by multiplying the applicable rating factors by the corresponding underlying exposure base. Minimum premium rules apply. The components of first million umbrella premium include:
  - a. General Liability including swimming pools charge (if any)
  - b. Automobile Liability
    - i. For each vehicle type, premium is determined by the higher of:
      1. The applicable underlying sum of Automobile Liability premium multiplied by the applicable Auto Liability Rate, or;
      2. The applicable underlying count of vehicles multiplied by the applicable Per Vehicle Charge.
    - ii. If Hired or Non-Owned Auto coverages are present, add the applicable charge(s).
  - c. Liquor Liability
  - d. Directors & Officers Liability written with Businessowners policies
  - e. Preferred Community Association Management coverage
2. Determine the premium charge for each additional million of umbrella coverage by multiplying the appropriate Excess Limit Factor by the total umbrella premium for the first million developed in step 2. Per-layer minimum premium rules apply
3. Determine the additional per-million Professional Liability premium charges, if applicable. These charges apply in addition to per-million minimum premiums in Step 1.
4. Additional rules apply as follows:
  - a. Liquor Liability – Non-Businessowners: The liquor liability portion of the first and excess layer premiums is subject to a minimum charge of \$150 per million
  - b. Directors & Officers Liability – Non-Businessowners: Per-million flat premium charges apply in addition to the per-million minimum premiums in Step 1.
5. Add the results of Step 1 through Step 4.
6. Schedule rating for eligible accounts applies to the premium determined in Step 5, observing all per layer minimum premiums.

For determining the appropriate Minimum Premiums & Excess Limit Factors for accounts with multiple Standard Plan Class Rate Groups or states, choose the one which has the highest amount of associated 1<sup>st</sup> million premium.

## Liability Class Rate Groups – Businessowners Program

Industry	SIC	Flat Plan Class Rate Group	Standard Plan Class Rate Group
Auto Service	All SICs	3	4
Contractors	All SICs	3	4
Habitational	8641 – Condominiums	1	2
Habitational	6513 – Apartments	1	2
Habitational	All Other SICs	3	4
Institutional	All SICs	3	4
Manufacturing	All SICs	n/a	5
Real Estate	All SICs	3	4
Restaurant	All SICs	3	4
Retail, Office, Service	All Retail SICs	1	2
Retail, Office, Service	All Office SICs	1	2
Retail, Office, Service	All Service SICs	1	2
Wholesale	All SICs	3	4

### Minimum Class Rate Groups for Standard Plan

If the underlying policy contains any of the following underlying exposures, the Commercial Umbrella policy will be assigned the greater of the corresponding Minimum Group for that characteristic or the Class Rate Group assigned to the policy.

Underlying policies with the below exposures are applicable in the Standard Rating Plan only.

Underlying Exposure	Minimum Group
More than 5 vehicles	5
Heavy Trucks	5
Extra Heavy Trucks	5
Tractor Trailers	5
Tow Trucks	5
Liquor Liability Exposure	4

## Flat Rating Plan

### Per Layer\* Charge, by Flat Plan Class Rate Group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
Without Auto	\$350	\$350	\$400	\$400	\$450	\$550
With Auto	\$400	\$400	\$450	\$450	\$500	\$600

\*Per-layer premium applies to each million of umbrella coverage

## Standard Rating Plan

### General Liability – Umbrella First Million Rates – Businessowners Program

Industry	SIC	Underlying Liability		Exposure Base
		\$1,000,000	\$2,000,000	
Artisan Contractors	All	13.00%	9.00%	Modified Liability Premium
Auto Service & Repair	All	10.00%	5.00%	Modified Garage Liability Premium
Auto Trades – Dealers	All	12.00%	6.00%	Modified Garage Liability Premium
Auto Trades – Non-Dealers	All	10.00%	5.00%	Modified Garage Liability Premium
Commercial Real Estate	All	3.20%	2.00%	Modified Total Policy Premium
Habitational	8641	\$3.00	\$1.50	Total Number of Residential Units
Habitational	All other SIC	\$3.00	\$1.50	Total Number of Residential Units
Institutional	8351, 8211, 8243, 8244, 8249, 8299, 8661	13.00%	9.00%	Modified Liability Premium
Institutional	All other SIC	10.00%	6.92%	Modified Liability Premium
Manufacturing	All	15.00%	N/A	Modified Liability Premium
Restaurants	All	13.00%	9.00%	Modified Liability Premium
Retail, Office, Service	All	3.20%	2.00%	Modified Total Policy Premium
Wholesale/Distribution	All	5.20%	3.60%	Modified Total Policy Premium

For \$3,000,000 underlying limit, multiply the \$2,000,000 rate by .90

- ★ Modified premium does not include premium for the following coverages: Abusive Acts, Commercial Auto Physical Damage, Commercial Auto Liability, Directors & Officers Liability, Preferred Community Association Management coverage, Employment Practices Liability, Cyber Liability, Professional Liability, Contractor's E&O, or Pollution Liability.

Modified premium does not include charges for Certified Acts of Terrorism.

## Standard Rating Plan (continued)

### General Liability – Umbrella First Million Rates – For underlying policies other than Businessowners

When applicable, rates apply separately to Premises/Operations and Products/Completed Operations premium. Refer to the General Liability rate manual to determine table assignments.

Type of Exposure	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Apartments/Condominiums	\$3.00	\$1.50	Total Number of Residential Units
Garage Liability – Dealers	12.0%	6.0%	Modified Garage Liability Premium
Garage Liability – Non-Dealers	10.0%	5.0%	Modified Garage Liability Premium
Premises/Operations			
Low Hazard (Table 1)	8.0%	5.0%	Modified Prem/Ops Premium
Moderate Hazard (Table 2)	13.0%	9.0%	Modified Prem/Ops Premium
High Hazard (Table 3)	21.0%	14.0%	Modified Prem/Ops Premium
Products/Completed Operations			
Low Hazard (Table A)	6.0%	4.0%	Modified Prod/Comp Ops Premium
Moderate Hazard (Table B)	13.0%	8.0%	Modified Prod/Comp Ops Premium
High Hazard (Table C)	18.0%	11.0%	Modified Prod/Comp Ops Premium

Limit ID Table Assignment*	Standard Plan Class Rate Group
1,A	2
2,B	3
3,C	4

\*Refer to Commercial General Liability rate manual for table assignments. Each General Liability classification is assigned a Limit ID where 1, 2 and 3 refers to the Premises/Operations subline and A, B and C refer to Products/Completed Operations subline. If the Class Rate grade assignments for Premises/Operations and Products/Completed Operations differ, choose the Class Rate grade for the subline which generates the most premium.

## Miscellaneous Charges

### For coverages present on Businessowners Policies:

Coverage	Underlying Liability Limit			Exposure Base
	\$1,000,000	\$2,000,000	\$3,000,000	
★ Preferred Community Association Management	36%	17%	N/A	Underlying PCAM Premium
Directors & Officers Liability	18%*	11%*	N/A	Underlying D&O Premium
Liquor Liability	18%	11%	N/A	Underlying Liquor Liability
Swimming Pools	\$150	\$150	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums, but are reduced by Excess Factors.

### ★ **Extended Reporting Periods:**

Charge 200% of annual expiring Directors & Officers Liability premium.

Charge the following percentages of annual expiring Preferred Community Association Management coverage premium.

One year: 75%                      Two years: 140%                      Three years: 200%

Professional Liability Exposure	Underlying Liability Limit	
	\$1,000,000	\$2,000,000
Barbers, Beauticians (Each)	\$25	\$15
Cemetery Professional Liability (Per Plot)	\$0.03	\$0.02
Educational Counseling (Per Staff Member*)	\$35	\$21
Family & Marriage Counseling (Per Staff Member*)	\$35	\$21
Pastoral Professional Liability (Per Staff Member*)	\$25	\$15
Printers Errors and Omissions (Each Location)	\$11	\$7
Spa Services (Each Spa Service Provider)	\$35	\$21
Vocational Rehabilitation Counseling	\$35	\$21

Rates apply to the underlying exposure base to determine additional per-layer premium which is in addition to the per-layer minimum premiums.

\*Total ratable staff members are determined by adding the number of full time professional staff members to 1/2 the number of part time professional staff members.

### For coverages present on non-Businessowners Policies:

Coverage	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Directors & Officers Liability	\$250*	\$250*	Per Layer
Liquor Liability	18%**	11%**	Underlying Liquor Liability Premium
Swimming Pools	\$200	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums.

\*\*Subject to a minimum premium of \$150 per layer.

**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

### Commercial Auto Liability

Vehicle Type	\$1,000,000 Underlying Limit		\$2,000,000 Underlying Limit	
	Rate	Per Vehicle Charge	Rate	Per Vehicle Charge
Private Passenger	13%	\$87	10%	\$44
Light Trucks	13%	\$87	10%	\$44
Medium Trucks	9%	\$98	7%	\$49
Heavy Trucks	11%	\$173	9%	\$87
Extra Heavy Trucks	14%	\$270	10%	\$135
Truck-Tractor	14%	\$330	10%	\$165

Hired Auto & Non-Owned Auto coverages are each a \$25 flat charge.

### Excess Limit Factors

Limit	Standard Plan Class Rate Groups		
	1-2	3-4	5-6
\$2,000,000	30.0%	40.0%	50.0%
\$3,000,000	15.0%	20.0%	25.0%
\$4,000,000	7.5%	10.0%	12.5%
\$5,000,000	3.8%	5.0%	6.3%
\$6,000,000 - \$25,000,000	3.0%	4.0%	5.0%

## Schedule Rating

Accounts generating unmodified umbrella premium in excess of \$3,000 on the Standard Plan are eligible for schedule rating.

Schedule rating may be applied to the final umbrella premium using the factors shown below (subject to per million minimum premiums). The maximum credit or debit a risk may receive is 25%. The maximum credit or debit contribution from any one factor will be limited to 25%.

	Debit		Credit
A. The nature of the insured's operations has the inherent probability of an occurrence developing a catastrophic loss unless adequate controls are in place.	-25%	To	25%
B. The insured's product could easily be misused by the end user, has a long life, or could cause serious bodily injury or property damage if not adequately controlled.	-25%	To	25%
C. The insured's life safety protection is adequate/inadequate for crowd control or the reduction of loss of life or serious injury in a densely populated structure.	-25%	To	25%
D. The insured's automobile operations present a greater exposure to large losses due to the type of vehicles operated, the radius of operation or the nature of the products being carried.	-25%	To	25%

Modifications are applied in increments of 1%.

These factors are not to be duplicated in the umbrella pricing if already reflected in the underlying pricing. An underwriting file must contain documentation to justify any modifications that are applied under the provisions of this plan. The documentation must include an explanation of the risk characteristics generating the modifications and the amount of modification for each characteristic.

## Facultative and Treaty Special Acceptance Reinsurance

In the event a risk is to be reinsured on a facultative, or treaty special acceptance basis, the following rating procedure shall apply:

- A. The applicable rating procedure of this manual shall apply for the limits of liability or coverages which are not subject to facultative reinsurance.
- B. For limits of liability or coverage obtained by means of facultative reinsurance, the premium shall be the facultative cost for such reinsurance increased by the actual expenses incurred in obtaining the reinsurance, not to exceed 50% of the cost for such reinsurance.
- C. For limits of liability or coverage obtained by means of a treaty special acceptance, the premium shall be the treaty special acceptance cost for such insurance.
- D. When premium is determined by B. or C. above the policy premium shall not exceed 300% of the filed manual rate. Documentation supporting the cost will be maintained while the policy is in force and for at least three years from the policy inception.



## Certified Acts of Terrorism

Originally established with the Terrorism Risk Insurance Act and provided that it is continued with subsequent reauthorization, extension, modification or similar federal government act(s) (ACT), a federal program is created to share the risk of loss from terrorist attacks with the insurance industry. Federal participation will be triggered when the appropriate government official(s) declares a Certified Act of Terrorism. Relevant details on what would constitute a Certified Act of Terrorism to the scope and the extent of the federal government's participation will be provided in the applicable policy forms. This provision serves to limit insurers' liability for losses. All insurers providing commercial property or casualty insurance are required to participate in the program to the extent of making available coverage for Certified Acts of Terrorism in accordance with the terms and conditions of coverage that apply to other perils.

Terms and conditions are subject to change by the action of Congress.

### New and Renewal Business

For all new and renewal business, an insurer must make available coverage for losses caused by Certified Acts of Terrorism. The insurer must disclose to the policyholder the premium for losses covered and the other required details such as existence of the industry wide insured loss cap and the federal share of compensation for such losses under the program at the time of offer and renewal of the policy.

Coverage for Certified Acts of Terrorism is a mandatory coverage, unless state law/regulation allows for exception to this rule."

### Premium Development

Apply the percentage charge shown in the table below to the final premium of each location. Final premium means the premium developed after application of all optional coverages and rating rules and factors including minimum premium.

Entire State.....	1.0%
-------------------	------

This Addendum will be effective as long as the Act, including any extension or modification thereof, is in effect. This Addendum will be void upon expiration of the Act.

**Truck Insurance Exchange  
California  
Umbrella  
Rules and Underwriting Guidelines**

Manual pages are attached to filing.

**Truck Insurance Exchange  
California  
Umbrella  
Supplemental Information**

No other information to report for this filing



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August 17, 2020

www.farmersinsurance.com

Honorable Ricardo Lara  
Insurance Commissioner  
California Department of Insurance  
45 Fremont Street, 23<sup>rd</sup> Floor  
San Francisco, CA 94105

ATTN: Carolyn Yap – Rate Regulation Branch

SUBJECT: PCAM Follow Form Filing  
SERFF Tr Num: FARM-132411700  
State Tr Num: 20-1883

Dear Ms. Yap:

Please find below responses to the objection submitted through SERFF on August 14, 2020.

1. In the manual under extended reporting periods:
  - a. What does the company mean by "Charge 200% of annual expiring Directors and Officers Liability premium"?
  - b. Please provide a rating example.
  - c. How was the 200% charge determined?

### **Response**

Extended reporting periods are a feature that some insurers avail on claims-made professional liability insurance policies. These options allow claims to be reported even after a policy has expired. Another common name for this feature is tail coverage.

Because these options extend coverage after a policy is no longer in force, the premium charge is similar to a policy term factor, charging additional premium for the extended reporting period past the policy's expiration date.

When an insured cancels their policy, they may request an extended reporting periods as set out in the terms of the coverage form. The cost for the extended reporting period would be determined by multiplying the premium of the expiring coverage, D&O Liability in this case, by the appropriate rate. For example, if the expiring D&O Liability coverage premium was \$300, then the extended reporting period premium would be calculated as  $\$300 \times 200\% = \$600$ . For additional details on extended reporting periods, please see the relevant section by the same name in any of relevant forms (e.g. Sec. VI.B. on p. 4 of U5112-ED1).

With little claims data on extended reporting periods, and because not all professional liability policies offer exactly the same types of coverage, the premium charges were selected based on judgment and our experience with similar types of coverage language. Please note that no changes have been proposed to the extended reporting periods for the D&O Liability coverage form, subject of this inquiry.

2. In the last objection, the company provided a rating sample for each charge. Please include an example for the premium charge of 140% under the Optional Extended Reporting Periods.

**Response**

We have updated the rating samples exhibit to include example #4 with the two-year Optional Reporting Period.

If you have any questions regarding this filing, please contact Federico Cantone by e-mail at [federico.cantone@farmersinsurance.com](mailto:federico.cantone@farmersinsurance.com) or by telephone at (818) 965-0733.

FARMERS INSURANCE EXCHANGE  
MID-CENTURY INSURANCE COMPANY  
TRUCK INSURANCE EXCHANGE

Federico Cantone  
Commercial Property Product Management

# Text Comparison

Initial Document:

CAC2501current.pdf

Changed Document:

CAC2501proposed.pdf

## Summary

Differences exist between the documents.

92 word(s) added

32 word(s) deleted

3269 word(s) matched

8 page(s) replaced

Insert Word(s) inserted

~~Delete~~ Word(s) deleted

**Move** Word(s) moved

**Different** Word(s) different only in style

**Minimum Underlying Limits**

	<b>Underlying Limit</b>
<b>Businessowners Liability</b>	
Liability & Medical Expense	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
All Other Injury or Damage Aggregate	\$2,000,000
Liquor Liability – Each Occurrence	\$1,000,000
<b>Commercial General Liability</b>	
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
<b>Garage Liability</b>	
Garage Operations – Other than Covered Autos	
Each Accident	\$1,000,000
Aggregate	\$2,000,000
Garage Operations – Covered Autos	
Each Accident	\$1,000,000
<b>Directors &amp; Officers Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Commercial Auto Liability</b>	
Combined Single Limit	\$1,000,000
Split Limits	
Each Person	\$1,000,000
Each Accident	\$1,000,000
Property Damage	\$1,000,000
<b>Professional Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Employers Liability</b>	
Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000

**Minimum Underlying Limits**

	<b>Underlying Limit</b>
<b>Businessowners Liability</b>	
Liability & Medical Expense	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
All Other Injury or Damage Aggregate	\$2,000,000
Liquor Liability – Each Occurrence	\$1,000,000
<b>Commercial General Liability</b>	
Each Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Products-Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
<b>Garage Liability</b>	
Garage Operations – Other than Covered Autos	
Each Accident	\$1,000,000
Aggregate	\$2,000,000
Garage Operations – Covered Autos	
Each Accident	\$1,000,000
<b>Directors &amp; Officers Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Commercial Auto Liability</b>	
Combined Single Limit	\$1,000,000
Split Limits	
Each Person	\$1,000,000
Each Accident	\$1,000,000
Property Damage	\$1,000,000
<b>Professional Liability</b>	
Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
<b>Employers Liability</b>	
Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000
<b>★ <u>Preferred Community Association Management Coverage</u></b>	
<u>Each Claim</u>	<u>\$1,000,000</u>
<u>Annual Aggregate</u>	<u>\$1,000,000</u>



## Determination of Final Umbrella Premium

From the Liability Class Rate Group table, determine the applicable Flat & Standard Plan Class Rate Groups. Then determine if the account is eligible for Flat or Standard Rating and follow the applicable Plan rules.

### Flat Rating Plan

1. Determine the appropriate Flat Plan charge.
2. Add Directors & Officers Liability charge, if applicable.
  - a. Determine the umbrella premium for the first million by multiplying the Directors & Officers rate by the appropriate underlying premium.
  - b. Determine the excess million premium charge for each additional umbrella layer by multiplying the Excess Limit Factor that corresponds to Class Rate 2 by the premium determined in Step 2a.
3. Add the results of Step 1 and Step 2 for each million of umbrella coverage.

### Standard Rating Plan

1. Determine the umbrella premium for the first million by multiplying the applicable rating factors by the corresponding underlying exposure base. Minimum premium rules apply. The components of first million umbrella premium include:
  - a. General Liability including swimming pools charge (if any)
  - b. Automobile Liability
    - i. For each vehicle type, premium is determined by the higher of:
      1. The applicable underlying sum of Automobile Liability premium multiplied by the applicable Auto Liability Rate, or;
      2. The applicable underlying count of vehicles multiplied by the applicable Per Vehicle Charge.
    - ii. If Hired or Non-Owned Auto coverages are present, add the applicable charge(s).
  - c. Liquor Liability
  - d. Directors & Officers Liability written with Businessowners policies
2. Determine the premium charge for each additional million of umbrella coverage by multiplying the appropriate Excess Limit Factor by the total umbrella premium for the first million developed in step 2. Per-layer minimum premium rules apply
3. Determine the additional per-million Professional Liability premium charges, if applicable. These charges apply in addition to per-million minimum premiums in Step 1.
4. Additional rules apply as follows:
  - a. Liquor Liability – Non-Businessowners: The liquor liability portion of the first and excess layer premiums is subject to a minimum charge of \$150 per million
  - b. Directors & Officers Liability – Non-Businessowners: Per-million flat premium charges apply in addition to the per-million minimum premiums in Step 1.
5. Add the results of Step 1 through Step 4.
6. Schedule rating for eligible accounts applies to the premium determined in Step 5, observing all per layer minimum premiums.

For determining the appropriate Minimum Premiums & Excess Limit Factors for accounts with multiple Standard Plan Class Rate Groups or states, choose the one which has the highest amount of associated 1<sup>st</sup> million premium.

## Determination of Final Umbrella Premium

From the Liability Class Rate Group table, determine the applicable Flat & Standard Plan Class Rate Groups. Then determine if the account is eligible for Flat or Standard Rating and follow the applicable Plan rules.

### Flat Rating Plan

1. Determine the appropriate Flat Plan charge.
2. Add Directors & Officers Liability charge, if applicable.
  - a. Determine the umbrella premium for the first million by multiplying the Directors & Officers rate by the appropriate underlying premium.
  - b. Determine the excess million premium charge for each additional umbrella layer by multiplying the Excess Limit Factor that corresponds to Class Rate 2 by the premium determined in Step 2a.
3. Add the results of Step 1 and Step 2 for each million of umbrella coverage.

### ★ Standard Rating Plan

1. Determine the umbrella premium for the first million by multiplying the applicable rating factors by the corresponding underlying exposure base. Minimum premium rules apply. The components of first million umbrella premium include:
  - a. General Liability including swimming pools charge (if any)
  - b. Automobile Liability
    - i. For each vehicle type, premium is determined by the higher of:
      1. The applicable underlying sum of Automobile Liability premium multiplied by the applicable Auto Liability Rate, or;
      2. The applicable underlying count of vehicles multiplied by the applicable Per Vehicle Charge.
    - ii. If Hired or Non-Owned Auto coverages are present, add the applicable charge(s).
  - c. Liquor Liability
  - d. Directors & Officers Liability written with Businessowners policies
  - e. Preferred Community Association Management coverage
2. Determine the premium charge for each additional million of umbrella coverage by multiplying the appropriate Excess Limit Factor by the total umbrella premium for the first million developed in step 2. Per-layer minimum premium rules apply
3. Determine the additional per-million Professional Liability premium charges, if applicable. These charges apply in addition to per-million minimum premiums in Step 1.
4. Additional rules apply as follows:
  - a. Liquor Liability – Non-Businessowners: The liquor liability portion of the first and excess layer premiums is subject to a minimum charge of \$150 per million
  - b. Directors & Officers Liability – Non-Businessowners: Per-million flat premium charges apply in addition to the per-million minimum premiums in Step 1.
5. Add the results of Step 1 through Step 4.
6. Schedule rating for eligible accounts applies to the premium determined in Step 5, observing all per layer minimum premiums.

For determining the appropriate Minimum Premiums & Excess Limit Factors for accounts with multiple Standard Plan Class Rate Groups or states, choose the one which has the highest amount of associated 1<sup>st</sup> million premium.

## Flat Rating Plan

### Per Layer\* Charge, by Flat Plan Class Rate Group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
<b>Without Auto</b>	\$350	\$350	\$400	\$400	\$450	\$550
<b>With Auto</b>	\$400	\$400	\$450	\$450	\$500	\$600

\*Per-layer premium applies to each million of umbrella coverage

## Standard Rating Plan

### General Liability – Umbrella First Million Rates – Businessowners Program

Industry	SIC	Underlying Liability		Exposure Base
		\$1,000,000	\$2,000,000	
Artisan Contractors	All	13.00%	9.00%	Modified Liability Premium
Auto Service & Repair	All	10.00%	5.00%	Modified Garage Liability Premium
Auto Trades – Dealers	All	12.00%	6.00%	Modified Garage Liability Premium
Auto Trades – Non-Dealers	All	10.00%	5.00%	Modified Garage Liability Premium
Commercial Real Estate	All	3.20%	2.00%	Modified Total Policy Premium
Habitational	8641	\$3.00	\$1.50	Total Number of Residential Units
Habitational	All other SIC	\$3.00	\$1.50	Total Number of Residential Units
Institutional	8351, 8211, 8243, 8244, 8249, 8299, 8661	13.00%	9.00%	Modified Liability Premium
Institutional	All other SIC	10.00%	6.92%	Modified Liability Premium
Manufacturing	All	15.00%	N/A	Modified Liability Premium
Restaurants	All	13.00%	9.00%	Modified Liability Premium
Retail, Office, Service	All	3.20%	2.00%	Modified Total Policy Premium
Wholesale/Distribution	All	5.20%	3.60%	Modified Total Policy Premium

For \$3,000,000 underlying limit, multiply the \$2,000,000 rate by .90

Modified premium does not include premium for the following coverages: Abusive Acts, Commercial Auto Physical Damage, Commercial Auto Liability, Directors & Officers Liability, Employment Practices Liability, Cyber Liability, Professional Liability, Contractor's E&O, or Pollution Liability.

Modified premium does not include charges for Certified Acts of Terrorism.

## Flat Rating Plan

### Per Layer\* Charge, by Flat Plan Class Rate Group

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
<b>Without Auto</b>	\$350	\$350	\$400	\$400	\$450	\$550
<b>With Auto</b>	\$400	\$400	\$450	\$450	\$500	\$600

\*Per-layer premium applies to each million of umbrella coverage

## Standard Rating Plan

### General Liability – Umbrella First Million Rates – Businessowners Program

Industry	SIC	Underlying Liability		Exposure Base
		\$1,000,000	\$2,000,000	
Artisan Contractors	All	13.00%	9.00%	Modified Liability Premium
Auto Service & Repair	All	10.00%	5.00%	Modified Garage Liability Premium
Auto Trades – Dealers	All	12.00%	6.00%	Modified Garage Liability Premium
Auto Trades – Non-Dealers	All	10.00%	5.00%	Modified Garage Liability Premium
Commercial Real Estate	All	3.20%	2.00%	Modified Total Policy Premium
Habitational	8641	\$3.00	\$1.50	Total Number of Residential Units
Habitational	All other SIC	\$3.00	\$1.50	Total Number of Residential Units
Institutional	8351, 8211, 8243, 8244, 8249, 8299, 8661	13.00%	9.00%	Modified Liability Premium
Institutional	All other SIC	10.00%	6.92%	Modified Liability Premium
Manufacturing	All	15.00%	N/A	Modified Liability Premium
Restaurants	All	13.00%	9.00%	Modified Liability Premium
Retail, Office, Service	All	3.20%	2.00%	Modified Total Policy Premium
Wholesale/Distribution	All	5.20%	3.60%	Modified Total Policy Premium

For \$3,000,000 underlying limit, multiply the \$2,000,000 rate by .90

- ★ Modified premium does not include premium for the following coverages: Abusive Acts, Commercial Auto Physical Damage, Commercial Auto Liability, Directors & Officers Liability, Preferred Community Association Management coverage, Employment Practices Liability, Cyber Liability, Professional Liability, Contractor's E&O, or Pollution Liability.

Modified premium does not include charges for Certified Acts of Terrorism.

## Miscellaneous Charges

### For coverages present on Businessowners Policies:

Coverage	Underlying Liability Limit			Exposure Base
	\$1,000,000	\$2,000,000	\$3,000,000	
Directors & Officers Liability	18%*	11%*	N/A	Underlying D&O Premium
Liquor Liability	18%	11%	N/A	Underlying Liquor Liability
Swimming Pools	\$150	\$150	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums, but are reduced by Excess Factors.  
**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

Professional Liability Exposure	Underlying Liability Limit	
	\$1,000,000	\$2,000,000
Barbers, Beauticians (Each)	\$25	\$15
Cemetery Professional Liability (Per Plot)	\$0.03	\$0.02
Educational Counseling (Per Staff Member*)	\$35	\$21
Family & Marriage Counseling (Per Staff Member*)	\$35	\$21
Pastoral Professional Liability (Per Staff Member*)	\$25	\$15
Printers Errors and Omissions (Each Location)	\$11	\$7
Spa Services (Each Spa Service Provider)	\$35	\$21
Vocational Rehabilitation Counseling	\$35	\$21

Rates apply to the underlying exposure base to determine additional per-layer premium which is in addition to the per-layer minimum premiums.

\*Total ratable staff members are determined by adding the number of full time professional staff members to 1/2 the number of part time professional staff members.

### For coverages present on non-Businessowners Policies:

Coverage	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Directors & Officers Liability	\$250*	\$250*	Per Layer
Liquor Liability	18%**	11%**	Underlying Liquor Liability Premium
Swimming Pools	\$200	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums.

\*\*Subject to a minimum premium of \$150 per layer.

**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

**Miscellaneous Charges****For coverages present on Businessowners Policies:**

Coverage	Underlying Liability Limit			Exposure Base
	\$1,000,000	\$2,000,000	\$3,000,000	
★ <u>Preferred Community Association Management</u>	<u>36%</u>	<u>17%</u>	<u>N/A</u>	<u>Underlying PCAM Premium</u>
Directors & Officers Liability	18%*	11%*	N/A	Underlying D&O Premium
Liquor Liability	18%	11%	N/A	Underlying Liquor Liability
Swimming Pools	\$150	\$150	\$150	Each <u>Pool</u>

\*These charges apply to each layer in addition to per-layer minimum premiums, but are reduced by Excess Factors.

**★ Extended Reporting Periods:**

Charge 200% of annual expiring Directors & Officers Liability premium.

Charge the following percentages of annual expiring Preferred Community Association Management coverage premium.

One year: 75%

Two years: 140%

Three years: 200%

Professional Liability Exposure	Underlying Liability Limit	
	\$1,000,000	\$2,000,000
Barbers, Beauticians (Each)	\$25	\$15
Cemetery Professional Liability (Per Plot)	\$0.03	\$0.02
Educational Counseling (Per Staff Member*)	\$35	\$21
Family & Marriage Counseling (Per Staff Member*)	\$35	\$21
Pastoral Professional Liability (Per Staff Member*)	\$25	\$15
Printers Errors and Omissions (Each Location)	\$11	\$7
Spa Services (Each Spa Service Provider)	\$35	\$21
Vocational Rehabilitation Counseling	\$35	\$21

Rates apply to the underlying exposure base to determine additional per-layer premium which is in addition to the per-layer minimum premiums.

\*Total ratable staff members are determined by adding the number of full time professional staff members to 1/2 the number of part time professional staff members.

**For coverages present on non-Businessowners Policies:**

Coverage	Underlying Liability Limit		Exposure Base
	\$1,000,000	\$2,000,000	
Directors & Officers Liability	\$250*	\$250*	Per Layer
Liquor Liability	18%**	11%**	Underlying Liquor Liability Premium
Swimming Pools	\$200	\$150	Each Pool

\*These charges apply to each layer in addition to per-layer minimum premiums.

\*\*Subject to a minimum premium of \$150 per layer.

**Extended Reporting Period:** Charge 200% of annual expiring Directors & Officers Liability premium.

## PRIOR APPROVAL RATE APPLICATION FOR PROPERTY & LIABILITY LINES GENERAL INFORMATION

Completed by:  Date:

Your File #:   
(15 Character Maximum)

### Filing Characteristics

Does this filing include a variance request?  (Page 11 hidden)

If yes,

Is this a variance request submitted after the prior approval application to which it applies?

Provide the applicable CDI File #:

Is this a group filing? If yes, complete Page 2.  (Page 2 hidden)

Is this a specialty filing?

Line Type:

General Line :

Subline:

Program:

Provide the most recent applicable CDI file # in this line, subline and/or program:

DEPARTMENT USE ONLY	
CDI File #:	<input type="text"/>
SERFF #:	<input type="text"/>
Filed Date:	<input type="text"/>
Compliance Date:	<input type="text"/>
Public Notice Date:	<input type="text"/>
Deemer Date:	<input type="text"/>
Intake Analyst:	<input type="text"/>
Bureau/Senior:	<input type="text"/>
Group Filing?:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
X-Reference #:	<input type="text"/>
Filing Type:	<input type="checkbox"/> Rate <input checked="" type="checkbox"/> Rule <input checked="" type="checkbox"/> Form <input type="checkbox"/> Variance <input type="checkbox"/> New Program
% Change:	<input type="text"/>

### Company Information

Company Name:

Group Name:

NAIC Company Code:

NAIC Group Code:

Organized under the laws of the State of:

Home Office:

Contact Name/Title:

Toll Free Phone #:  Fax #:

Email Address:

Mailing Address:

**I declare under penalty of perjury under the laws of the State of California, that the information filed is true, complete, and correct, and that price optimization methods or models have not been used in the development of the final rates for any segment of the filed rating plan.**

Authorized Signature

Date of Filing

Telephone #

Refer to CDI website below for the most current rate template and prior approval factors:

<http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/>

## FILING TYPE

**Complete the following questions in order to generate the filing checklist:**

1. Is this a New Program filing?	N
2. Is this a Rate filing?	N
3. Does this filing propose any changes to Rule(s)?	Y
3.a. Do the Rule change(s) have a rate impact?	N
4. Does this filing propose any changes to Form(s)?	Y
4.a. Do the Form change(s) have a rate impact?	N
5. Does this filing include a request(s) for Variance?	N

*Question 3: Rule change(s) include new rule(s) and changes to existing rule(s).*

*Question 4: Form change(s) include new, withdrawn or replacement form(s).*

## FILING CHECKLIST

Use this checklist to assemble a complete application:

PDF	Excel	Prior Approval Rate Application
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	General Information, Page 1
<input type="checkbox"/>	<input type="checkbox"/>	Insurer Group Information, Page 2
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Filing Type and Checklist, Page 3
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Forms, Page 9
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Rules and Underwriting Guidelines, Page 10
<b>Supporting Exhibits</b>		
<input checked="" type="checkbox"/>		Exhibit 18 - Rules and Underwriting Guidelines
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Exhibit 19 - Supplemental Information
<input checked="" type="checkbox"/>		<b>Filing Memorandum</b>
<input checked="" type="checkbox"/>		<b>Complete Printed Rate and Rule Manual Pages</b>
<input type="checkbox"/>		<b>Underwriting Guidelines</b>
<input checked="" type="checkbox"/>		<b>Forms<sup>1,2</sup></b>

<sup>1</sup> See Prior Approval Rate Filing Instructions.

<sup>2</sup> Attach all independent forms and list all advisory organization forms.

*All Private Passenger Automobile class plans must be filed separately from the Prior Approval Rate Applications.*



**FORMS**

		Applicable Form			Source of Form		Coverage Change Reflects		Coverage Change Includes		Factor or Charge (\$, % or Description)
		#	Title	Type	Source	CDI File # <sup>1</sup>	Category	Restriction? <sup>2</sup>	Broadening?	Rate Impact?	
(1)	Proposed	U5112-ED1	Preferred Community Association Management Coverage - Follow Form Endorsement	2	3		2	N	Y	Y	
	Current										
(2)	Proposed	U5513-ED1	Optional Extended Reporting Period For Preferred Community Association Management Coverage	2	3		2	N	Y	Y	
	Current										
(3)	Proposed										
	Current										
(4)	Proposed										
	Current										
(5)	Proposed										
	Current										

<sup>1</sup> If Source selected is ISO or Other Advisory Organization, provide the CDI File # of the applicable filing from which the form is being adopted. If Source selected is Company and Category is Replacement, provide the CDI File # under which the current form is approved.

<sup>2</sup> Forms that restrict, exclude or delete coverage require consideration of a rate offset/credit. Provide the amount of prior losses incurred associated with the impacted coverage, if any.

**Legend of Response Codes**

Type Code	Source Code	Category Code
(1) Application	(1) Insurance Services Organization (ISO)	(1) New, mandatory
(2) Endorsement	(2) Other Advisory Organization	(2) New, optional
(3) Policy	(3) Company	(3) Replacement, mandatory
(4) Other (Describe in filing memorandum)	(4) Other (Describe in filing memorandum)	(4) Replacement, optional
		(5) Withdrawn, mandatory
		(6) Withdrawn, optional

## RULES AND UNDERWRITING GUIDELINES

Insurers submitting a rule change filing must provide the information identified below.  
Complete Exhibit 18 as necessary to fulfill this requirement.

Check all that apply:

- (1) Introducing a new rule(s)
- (2) Revising an existing rule(s)
- (3) Adopting an approved Advisory Organization (AO) rule(s)
- (4) Withdrawing an approved rule(s)
- (5) Introducing or revising an underwriting guideline(s)<sup>1</sup>

If (1), (2) or (5) above is checked, provide the following:

- (a) The purpose for the rule or underwriting guideline or an explanation for revising an existing rule or underwriting guideline (Exhibit 18)
- (b) A copy of the current and proposed manual page corresponding to the rule or underwriting guideline
- (c) The proposed charge for the rule, and justification of the charge including the rate or premium development method (Exhibit 18)
- (d) The rate impact of the rule or underwriting guideline on the current book of business, with corresponding calculation of that impact (Exhibit 18)
- (e) Advise if the rule is:
  - (i) Optional
  - (ii) Mandatory

If (3) above is checked, specify the approved CDI File #(s) of the AO rule:

If (4) above is checked, provide the following:

- (a) An explanation for the withdrawal of the rule (Exhibit 18)
- (b) A copy of the current and proposed manual page corresponding to the withdrawn rule
- (c) The rate impact of withdrawing the rule on the current book of business, with corresponding calculation of that impact (Exhibit 18)

For all rule and underwriting guideline changes, provide any additional comments necessary to adequately explain the rule change (Exhibit 18).

<sup>1</sup> Underwriting guidelines included in this filing are reviewed only insofar as they relate to rates contained in this filing or currently on file with the California Department of Insurance.

**Farmers Insurance Group  
Umbrella Program  
State of California  
Truck Insurance Exchange  
Explanatory Memorandum**

The Farmers Insurance Group of Companies respectfully submits for filing a new coverage option for its Umbrella program. Company for this filing is Truck Insurance Exchange (TIE) NAIC# 21709.

We introduced a new optional coverage for our underlying Habitational Program for Community Associations based on customer feedback requesting a single form that provides an expanded range of coverages for associations that will compete with and compare favorably to those that our major competitors already offer. We submitted the Preferred Community Association Management Coverage Form and endorsements previously via CDI File # 20-1451; 20-1451-A; 20-1451-B.

The premium calculation rule for this optional coverage can be found on the revised pages of our Umbrella manual, posted to the Rate/Rule Schedule tab of this filing. With limited loss data available, we have priced this coverage based on consultations with our Umbrella reinsurer.

The overall premium impact for this new form is neutral.

Our proposed effective date for the implementation of this coverage is September 1, 2020 for New Business and Renewal business.

We have attached current, proposed and changes tracked versions of our manual pages with this filing submission.

Your early acknowledgment of this filing is appreciated.

If you have any questions regarding this filing please contact Fedrico Cantone by phone at 818-965-0733 or email [federico.cantone@farmersinsurance.com](mailto:federico.cantone@farmersinsurance.com).

**J7495-ED1 - Preferred Community Association Management (PCAM)**  
Sample Rating Scenarios

Rating Profile Example #1

Units: 960                      Employees: 0	
Limit: \$2M                      Retention: \$1,000	
Zip Code: 92604	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.100
Number of Units Factor	4.239
Step Factor	1.000
Limit Factor	1.500
Retention Factor	0.970
Territory Factor	1.160
<b>Final Premium</b>	<b>\$4,034.07</b>

Rating Profile Example #2

Units: 245                      Employees: 3	
Limit: \$1M                      Retention: \$0	
Zip Code: 90036	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.346
Number of Units Factor	2.842
Step Factor	1.000
Limit Factor	1.000
Retention Factor	1.010
Territory Factor	1.160
<b>Final Premium</b>	<b>\$2,297.48</b>

Rating Profile Example #3

Units: 16                      Employees: 0	
Limit: \$500K                      Retention: \$500	
Zip Code: 93110	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.100
Number of Units Factor	1.347
Step Factor	1.000
Limit Factor	0.800
Retention Factor	1.000
Territory Factor	0.900
<b>Final Premium</b>	<b>\$546.89</b>

**U5112-ED1 - Preferred Community Association Management Coverage - Follow Form Endorsement**  
Sample Umbrella Rating Scenarios

Umbrella Rating Profile Example #1

Underlying Policy: See example #1 above Umbrella Limit: \$2M	
Underlying PCAM Premium	\$4,034.07
Premium Charge	36%
<b>Final Premium</b>	<b>\$1,452.26</b>

Umbrella Rating Profile Example #2

Underlying Policy: See example #2 above Umbrella Limit: \$1M	
Underlying PCAM Premium	\$2,297.48
Premium Charge	17%
<b>Final Premium</b>	<b>\$390.57</b>

Umbrella Rating Profile Example #3

Underlying Policy: See example #3 above Umbrella Limit: Umbrella Not Available	
Underlying PCAM Premium	\$546.89
Premium Charge	n/a
<b>Final Premium</b>	<b>n/a</b>

**U5113-ED1 - Optional Extended Reporting Period For Preferred Community Association Management Coverage**  
Sample Extended Reporting Period Rating Scenarios

Extended Reporting Period Rating Example #1

Umbrella Policy: See example #1 above Extended Reporting Period: One year	
Expiring Umbrella PCAM Premium	\$1,452.26
Premium Charge	75%
<b>Final Premium</b>	<b>\$1,089.20</b>

Extended Reporting Period Rating Example #2

Umbrella Policy: See example #2 above Extended Reporting Period: Three years	
Expiring Umbrella PCAM Premium	\$390.57
Premium Charge	200%
<b>Final Premium</b>	<b>\$781.14</b>

Extended Reporting Period Rating Example #3

Umbrella Policy: Not Available Extended Reporting Period: n/a	
Expiring Umbrella PCAM Premium	n/a
Premium Charge	n/a
<b>Final Premium</b>	<b>n/a</b>

Extended Reporting Period Rating Example #4

Umbrella Policy: See example #1 above Extended Reporting Period: Two years	
Expiring Umbrella PCAM Premium	\$1,452.26
Premium Charge	140%
<b>Final Premium</b>	<b>\$2,033.17</b>

**J7495-ED1 - Preferred Community Association Management (PCAM)**

Sample Rating Scenarios

Rating Profile Example #1

Units: 960      Employees: 0	
Limit: \$2M      Retention: \$1,000	
Zip Code: 92604	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.100
Number of Units Factor	4.239
Step Factor	1.000
Limit Factor	1.500
Retention Factor	0.970
Territory Factor	1.160
<b>Final Premium</b>	<b>\$4,034.07</b>

Rating Profile Example #2

Units: 245      Employees: 3	
Limit: \$1M      Retention: \$0	
Zip Code: 90036	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.346
Number of Units Factor	2.842
Step Factor	1.000
Limit Factor	1.000
Retention Factor	1.010
Territory Factor	1.160
<b>Final Premium</b>	<b>\$2,297.48</b>

Rating Profile Example #3

Units: 16      Employees: 0	
Limit: \$500K      Retention: \$500	
Zip Code: 93110	
Base Rate	\$512.63
SIC Code Factor	1.000
Number of Employees Factor	1.100
Number of Units Factor	1.347
Step Factor	1.000
Limit Factor	0.800
Retention Factor	1.000
Territory Factor	0.900
<b>Final Premium</b>	<b>\$546.89</b>

**U5112-ED1 - Preferred Community Association Management Coverage - Follow Form Endorsement**

Sample Umbrella Rating Scenarios

Umbrella Rating Profile Example #1

Underlying Policy: See example #1 above	
Umbrella Limit: \$2M	
Underlying PCAM Premium	\$4,034.07
Premium Charge	36%
<b>Final Premium</b>	<b>\$1,452.26</b>

Umbrella Rating Profile Example #2

Underlying Policy: See example #2 above	
Umbrella Limit: \$1M	
Underlying PCAM Premium	\$2,297.48
Premium Charge	17%
<b>Final Premium</b>	<b>\$390.57</b>

Umbrella Rating Profile Example #3

Underlying Policy: See example #3 above	
Umbrella Limit: Umbrella Not Available	
Underlying PCAM Premium	\$546.89
Premium Charge	n/a
<b>Final Premium</b>	<b>n/a</b>

**U5113-ED1 - Optional Extended Reporting Period For Preferred Community Association Management Coverage**

Sample Extended Reporting Period Rating Scenarios

Extended Reporting Period Rating Example #1

Umbrella Policy: See example #1 above	
Extended Reporting Period: One year	
Expiring Umbrella PCAM Premium	\$1,452.26
Premium Charge	75%
<b>Final Premium</b>	<b>\$1,089.20</b>

Extended Reporting Period Rating Example #2

Umbrella Policy: See example #2 above	
Extended Reporting Period: Three years	
Expiring Umbrella PCAM Premium	\$390.57
Premium Charge	200%
<b>Final Premium</b>	<b>\$781.14</b>

Extended Reporting Period Rating Example #3

Umbrella Policy: Not Available	
Extended Reporting Period: n/a	
Expiring Umbrella PCAM Premium	n/a
Premium Charge	n/a
<b>Final Premium</b>	<b>n/a</b>

**State:** California **Filing Company:** Truck Insurance Exchange  
**TOI/Sub-TOI:** 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess  
**Product Name:** PCAM Follow Form  
**Project Name/Number:** TD/US#F4334/O-CA-2020-BP-F

## Superseded Schedule Items

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.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/10/2020		Supporting Document	New Prior Approval Rate Application	06/17/2020	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf Exhibit 19.xlsx CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.pdf (Superseded) CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020v2.xlsm (Superseded)
06/07/2020		Supporting Document	New Prior Approval Rate Application	06/10/2020	Rates-Rules Filing Memo Umbrella 5-27-22 PCAM.pdf CA FORM (EA) Explanatory Memorandum.pdf Exhibits 18-19.pdf Exhibit 19.xlsx CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.xlsm (Superseded) CA - PCAM FF and ERP - PriorAppRateAPL_Ed01-06-2020.pdf (Superseded)
06/07/2020		Form	Preferred Community Association Management Coverage - Follow Form Endorsement	07/17/2020	U5112-ED1.pdf (Superseded)
06/07/2020		Rate	Commercial Umbrella Manual	07/17/2020	CAC2501doi.pdf (Superseded)
06/07/2020		Supporting Document	Complete Current and Proposed Manuals and tracked changes version	07/17/2020	CAC2501current.pdf CAC2501proposed.pdf (Superseded) ManualComparison.pdf (Superseded)

SERFF Tracking #:

FARM-132411700

State Tracking #:

20-1883

Company Tracking #:

O3CA20607CURS2

State: California

Filing Company:

Truck Insurance Exchange

TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess

Product Name: PCAM Follow Form

Project Name/Number: TD/US#F4334/O-CA-2020-BP-F

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