



RHODE ISLAND JOINT REINSURANCE ASSOCIATION

Underwriting Division
Two Center Plaza
Boston, Massachusetts 02108-1904
(800) 851-8978, FAX (800) 922-2117

Date Posted: June 30, 2008

To: All Rhode Island Producers

NOTICE: COMMERCIAL PROPERTY RATE REVISION EFFECTIVE AUGUST 1, 2008

The Rhode Island Joint Reinsurance (RIJRA) has filed and the Division of Insurance has approved a revision to the Basic Group I and Group II rates to be effective for all new and renewal policies with an inception date of **August 1, 2008** or later.

For class rated risks, use the current RIJRA Loss Cost Multiplier (LCM) of 1.75 in conjunction with Basic Group I and Group II loss costs contained in ISO's Commercial Lines Manual Notice CF-RI-2008-LC-001.

For specifically rated risks, use current LCM of 1.75 in conjunction with ISO published Basic Group I and Group II loss costs effective August 1, 2008.

To assist you in rating your commercial risks we have also posted the following worksheets:

- (i) Commercial Property Premium Computation Worksheet
The worksheet provides step-by-step application of rating factors. Also shown on the worksheet are tentative rates that may be used for all immediate coverage submissions. In case tentative rates are used, the Association following an acceptable inspection will determine the final rates and issue an appropriate endorsement.
- (ii) Rating Examples

Please note that RIJRA does not distribute ISO's loss costs or rules manual pages.

Following review of this material, should you have any questions, please consult the text of ISO's Commercial Lines Manual – Division Five – Fire and Allied Lines (Multistate and Rhode Island and Loss Costs) distributed by the Insurance Service Office or contact our Consumer Services or Underwriting Departments.

Very truly yours,

James H. Pappas
Vice President-Underwriting

Enclosures:
JHP: ed

Letters to Agents/RI CF rate revise 08.1.08

Did you check your smoke detectors today!

COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET

RIJRA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. RIJRA GR. I & GR. II Loss Cost Multipliers (LCM) are provided in RIJRA rate revision announcements. References in brackets [] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

SECTION (A) : PROVISIONAL RATES

<u>GR. I Provisional Rates</u>	<u>80% Co</u>	<u>Flat Ins.</u>	<u>GR. II Prov. Rate</u>	<u>Coinsurance</u>	<u>Flat Insurance</u>
<u>TYPE OF RISK</u>			<u>CONST:</u>	<u>80% , 90% or 100%</u>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-2].		

SECTION (B) : WORKSHEET

<input type="checkbox"/> CLASS RATED RISKS - USING ISO MANUAL	
Construction :	Protection : _____
<input type="checkbox"/> Frame <input type="checkbox"/> Joisted Mas. <input type="checkbox"/> Non Comb.	CSP Code : _____
<input type="checkbox"/> Mas. Non-Comb. <input type="checkbox"/> Fire Resistive <input type="checkbox"/> Mod. Fire Res.	

<input type="checkbox"/> SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :
CSP CODE :
RCP CODE

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- Enter Basic GR. I 80% Coin. Loss Cost
- * Protection Class Multiplier [CF-E-24]
- * Territorial Multiplier [CF-LC-13 thru CF-LC-23]
- # Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]
- Credit if Vandalism not requested [CF-MLC-5-6]
- Standard Property Policy Multiplier [CF-67]
- Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]
- Deductible Adjustment, if other than \$500 [CF-E-23]
- Apply GR. I Loss Cost Multiplier

GROUP I PREMIUM (round to nearest \$)----->

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-2]
- Building Code Effectiveness Grading Factor [CF-E-3]
- Standard Property Policy Multiplier [CF-67]
- Coinsurance Adjustment, If other than 80% [CF-71]
- Deductible Adjustment, if other than \$500 [CF-E-23]
- Apply GR. II Loss Cost Multiplier

GROUP II PREMIUM (round to nearest \$)----->

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted Loss Cost		Adjusted Loss Cost
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
-	_____	-	_____
x	0.98	x	0.98
+ or x	_____	+ or x	_____
x	_____	x	_____
x	_____	x	_____
	Final GR. I Rate		Final GR. I Rate
	(1)		(2)
	Symbol		Symbol
	Adjusted Loss Cost		Adjusted Loss Cost
x	_____	x	_____
x	0.98	x	0.98
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
	Final GR. II Rate		Final GR. II Rate
	(3)		(4)

Terrorism Premium (call RIJRA for premium charged) = \$ _____ (5)

TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) = \$ _____

* Skip this step, if Special Class or Specific Rated Risk. # Skip this step, if Class Rated Risk.

COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET

EXAMPLE 2: 2 STORY JOISTED MASONRY BUILDING OCCUPIED AS A BOWLING ALLEY. NEWPORT ZIP CODE 02840, LIMIT OF INSURANCE \$200,000, 80% CO-INSURANCE, \$500 DEDUCTIBLE.

RIJRA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. RIJRA GR. I & GR. II Loss Cost Multipliers (LCM) are provided in RIJRA rate revision announcements. References in brackets [] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

SECTION (A) : PROVISIONAL RATES

<u>GR. I Provisional Rates</u>	<u>80% Co</u>	<u>Flat Ins.</u>	<u>GR. II Prov. Rate</u>	<u>Coinsurance</u>	<u>Flat Insurance</u>
<u>TYPE OF RISK</u>			<u>CONST:</u>	<u>80% , 90% or 100%</u>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II. LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-2].		

SECTION (B) : WORKSHEET

<input type="checkbox"/> CLASS RATED RISKS - USING ISO MANUAL	
Construction :	Protection : _____
<input checked="" type="checkbox"/> Frame <input type="checkbox"/> Joisted Mas. <input type="checkbox"/> Non Comb.	CSP Code : _____
<input type="checkbox"/> Mas. Non-Comb. <input type="checkbox"/> Fire Resistive <input type="checkbox"/> Mod. Fire Res.	

<input checked="" type="checkbox"/> SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :	
CSP CODE :	0841
RCP CODE	4103

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- Enter Basic GR. I 80% Coin. Loss Cost
 - * Protection Class Multiplier [CF-E-24]
 - * Territorial Multiplier [CF-LC-13 thru CF-LC-23]
 - # Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]
 - Credit if Vandalism not requested [CF-MLC-5-6]
 - Standard Property Policy Multiplier [CF-67]
 - Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]
 - Deductible Adjustment, if other than \$500 [CF-E-23]
 - Apply GR. I Loss Cost Multiplier
- GROUP I PREMIUM (round to nearest \$)----->**

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted Loss Cost		Adjusted Loss Cost
	<u>.140</u>		_____
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
-	_____	-	_____
x	<u>0.98</u> <u>0.137</u>	x	<u>0.98</u> _____
+ or x	_____	+ or x	_____
x	_____	x	_____
x	<u>1.750</u> <u>0.240</u>	x	_____
	Final GR. I Rate		Final GR. I Rate
(1)	<u>\$480</u>	(2)	_____
	Adjusted Loss Cost		Adjusted Loss Cost
	Symbol <u>B</u> <u>.113</u>		Symbol _____
x	_____	x	_____
x	<u>0.98</u> <u>.111</u>	x	<u>0.98</u> _____
x	_____	x	_____
x	_____	x	_____
x	<u>1.750</u> <u>0.194</u>	x	_____
	Final GR. II Rate		Final GR. II Rate
(3)	<u>\$388</u>	(4)	_____

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-2]
 - Building Code Effectiveness Grading Factor [CF-E-3]
 - Standard Property Policy Multiplier [CF-67]
 - Coinsurance Adjustment, If other than 80% [CF-71]
 - Deductible Adjustment, if other than \$500 [CF-E-23]
 - Apply GR. II Loss Cost Multiplier
- GROUP II PREMIUM (round to nearest \$)----->**

Terrorism Premium (call RIJRA for premium charged) = \$ 4 (5)
 TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) = \$ \$872
 * Skip this step, if Special Class or Specific Rated Risk.

Skip this step, if Class Rated Risk.

COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET

EXAMPLE 3: 3 STORY FRAME BUILDING CONTAINING 8 APARTMENT UNITS. JOHNSTON ZIP CODE 02919, LIMIT OF INSURANCE \$75,000 FLAT CO-INSURANCE, \$1,000 DEDUCTIBLE.

RIJRA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. RIJRA GR. I & GR. II Loss Cost Multipliers (LCM) are provided in RIJRA rate revision announcements. References in brackets [] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

SECTION (A) : PROVISIONAL RATES

GR. I Provisional Rates	80% Co	Flat Ins.	GR. II Prov. Rate	Coinsurance	Flat Insurance
TYPE OF RISK			CONST:	80% , 90% or 100%	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II. LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-2].		

SECTION (B) : WORKSHEET

<input checked="" type="checkbox"/> CLASS RATED RISKS - USING ISO MANUAL	Protection :	04
Construction :	CSP Code :	0311
<input checked="" type="checkbox"/> Frame { } Joisted Mas. { } Non Comb.		
{ } Mas. Non-Comb. { } Fire Resistive { } Mod. Fire Res.		

{ } SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :
CSP CODE :
RCP CODE

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- Enter Basic GR. I 80% Coin. Loss Cost
- * Protection Class Multiplier [CF-E-24]
- * Territorial Multiplier [CF-LC-13 thru CF-LC-23]
- # Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]
- Credit if Vandalism not requested [CF-MLC-5-6]
- Standard Property Policy Multiplier [CF-67]
- Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]
- Deductible Adjustment, if other than \$500 [CF-E-23]
- Apply GR. I Loss Cost Multiplier

GROUP I PREMIUM (round to nearest \$)----->

**AFTER EACH CALCULATION STEP
ROUND TO 3 DECIMAL PLACES**

- ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-2]
- Building Code Effectiveness Grading Factor [CF-E-3]
- Standard Property Policy Multiplier [CF-67]
- Coinsurance Adjustment, If other than 80% [CF-71]
- Deductible Adjustment, if other than \$500 [CF-E-23]
- Apply GR. II Loss Cost Multiplier

GROUP II PREMIUM (round to nearest \$)----->

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted Loss Cost		Adjusted Loss Cost
	.229		
x	.98	x	
	.224		
x	1.000	x	
	.224		
x		x	
-		-	
x	0.98	x	0.98
	.220		
+	.178	+	
	.398		
x	.96	+ or x	
	.382		
x	1.750	x	
	.669		
	Final GR. I Rate (1) \$502		Final GR. I Rate (2) _____
	Symbol B		Symbol _____
	Adjusted Loss Cost .081		Adjusted Loss Cost _____
x		x	
x	0.98	x	0.98
	.079		
x	3	x	
	.237		
x	.92	x	
	.218		
x	1.75	x	
	.382		
	Final GR. II Rate ... \$287		Final GR. II Rate (4) _____

Terrorism Premium (call RIJRA for premium charged)
TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5)

= \$ **3** (5)
= \$ **792**

* Skip this step, if Special Class or Specific Rated Risk.

Skip this step, if Class Rated Risk.