

ISRB CIRCULAR

IDAHO COMMERCIAL FIRE & ALLIED LINES - IDAHO EXCEPTION RULES CHANGE.

Rules

June 19, 2017

2017-CF-3

SERFF# ISRB-131051685

	<hr/> This information is intended exclusively for Idaho Surveying and Rating Bureau, Inc. affiliated companies. <hr/>
BACKGROUND	<hr/> Bureau staff has received and reviewed the Commercial Property Idaho Exception Rules. Based on staff's evaluation of this review, the Bureau plans will implement the following changes to Commercial Fire and Allied Lines in Idaho effective November 1, 2017. <hr/> The Idaho Department of Insurance has accepted this filing. <hr/>
CHANGES	<hr/> CF-2016-RRU16 (S) <hr/> Revised Rules Rule 85.L. Special Class Rates Rule 95.M. Protection Class and Territorial Multipliers <hr/>
EFFECTIVE DATE	<hr/> The effective date for these changes will be November 1, 2017. <hr/>
COMPANY ACTION	<hr/> All correspondence with the Idaho Department of Insurance should refer to CF-2016-RRU16 (S) . If you have authorized us to file on your behalf and decide: <input type="checkbox"/> To use our revision and effective date, you are not required to file anything with the Idaho Department of Insurance. <input type="checkbox"/> To use our revision with a different effective date, to use our revision with modifications or to not use our revision, then you must make an appropriate submission with the Idaho Department of Insurance. <hr/>
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Idaho Supplement To Commercial Property Multistate Rules Revision

About This Supplement

This supplement revises the state exception to Rule 85.

Revised Rules

We are revising the following state exceptions:

- ◆ Rule 85.L. Special Class Rates
- ◆ Rule 85.M. Protection Class And Territorial Multipliers

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes. For the purposes of this filing, asterisks (***) indicate undisplayed text that remains unchanged with this filing.

Background

In the multistate portion of this filing, we are revising the 12-16 edition of the multistate Commercial Lines Manual – Division Five – Fire and Allied Lines manual in support of various new and revised Commercial Property endorsements. Adoption of the latest edition of the manual is based on the assumption that prior editions of the multistate rules have been adopted in a particular state. The 7-14 edition of the multistate manual is **not** yet applicable in Idaho.

Explanation of Changes

In order to adopt the multistate rules revisions under filing CF-2016-RRU16, we are introducing Rule 85.L. Special Class Rates as a state exception to the multistate version of the rule that was in effect prior to the 7-14 edition of the manual. The lead-in to Rule 85.M Protection Class And Territorial Multipliers is also revised to reflect that the existing state exception replaces current multistate paragraph M. which was introduced with the 7-14 edition of the manual. These changes are unrelated to the rules changes made in CF-2016-RRU16.



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85. BASIC GROUP I CLASS RATES

Paragraph L. is replaced by the following:

L. Special Class Rates

1. Apply this item to all property in the open (CSP Class Code 1190) and to special property as defined except:
 - a. Property described in Paragraph B.
 - b. Piers, Wharves, Bridges (CSP Class Code 1200) except as specifically described.
 - c. Agriculture product storage including material in yards and tanks. (CSP Class Codes 1251, 1252, 1300, 1501, 1502, 1550, 1610).
2. The Basic Group II Symbol Column is used as provided in Rule 70.
3. See state rates.

The following is added to Rule 85. Paragraph M. is replaced by the following:

M. Protection Class And Territorial Multipliers

The protection class multipliers in Table 85.M.1.b. Protection Class Multipliers and the territorial multipliers listed in the state rates are to be applied to Basic Group I rates for commercial properties eligible for class rating.

1. Rating Procedures

- a. Select the appropriate building and contents loss cost from the Basic Group I loss costs in the state rates based upon the following items:
 - (1) CSP Class Code
 - (2) Construction
- b. Select the appropriate Protection Class and apply the protection class multiplier from Table 85.M.1.b. Protection Class Multipliers to the class rate prior to any coinsurance or flat rate adjustment.

Protection Class	Frame	Joisted Masonry, Masonry Non-Combustible	Non-Combustible	Modified Fire Resistive, Fire Resistive
1	.728	.735	.743	.697
2	.758	.775	.771	.727
3	.807	.804	.807	.758
4	.868	.873	.853	.869
5	1.000	1.000	1.000	1.000
6	1.044	1.088	1.055	1.061
7	1.184	1.235	1.202	1.293
8	1.263	1.412	1.321	1.455
9	1.474	1.647	1.541	1.697
10	1.754	1.961	1.835	2.020

Table 85.M.1.b. Protection Class Multipliers

- c. For CSP Class Codes 1751 and 1752 and for non-combustible yard property in CSP Class Codes 1400, 1650, and 1700, use a protection class multiplier of 1.000 for all protection classes.
- d. Apply the territorial multiplier from the state rates to the class rate prior to any coinsurance or flat rate adjustment and after the application of the protection class multiplier.
- e. Apply city territorial multipliers only to the properties located within the city's corporate limits.

2. Rating Examples

Refer to the Rating Examples Appendix in the state exceptions for an example illustrating the application of the protection class and territorial multiplier.