



Property  
Insurance  
Association of  
Louisiana

# Compliance Circular Notification

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## Commercial Rates - H.B. 392



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## CHANGES

This filing revises rating Rule 85. Basic Group 1 Class Rates in the Commercial Fire and Allied Lines Manual in response to H.B. 392

## COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are NOT required to file anything with the Louisiana Department of Insurance.
- To use our revision with a different effective date, to use our revision with modification, or to NOT use our revision, you must make an appropriate submission with the Louisiana Department of Insurance.

In all correspondence with the Louisiana Department of Insurance regarding this revision, include the PIAL and/or State Filing Designation Number.

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# Louisiana Rating Rule Revised

## About This Filing

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This filing revises rating Rule **85**. Basic Group I Class Rates in the Commercial Fire And Allied Lines Manual in response to 2017 La. Sess. Laws \_\_ (former H.B. 392).

## Revised Rating Rule

- ◆ Division Five – Fire And Allied Lines
  - Rule 85. Basic Group I Class Rates

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## Background

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2017 La. Sess. Laws \_\_ (former H.B. 392), which becomes effective August 1, 2017, in part, provides that: "No insurance company shall combine a higher classified public fire protection area with a lower classified public fire protection area for the purpose of determining the fire insurance rate for the combined public fire protection areas

## Explanation of Changes

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We are revising the state exception to rating Rule **85**. to reflect the requirements in 2017 La. Sess. Laws \_\_ (former H.B. 392).

## Actuarial Support

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In response to 2017 La. Sess. Laws \_\_ (former H.B. 392), we have revised the rating procedure for Rule **85.L.3** Basic Group I Special Class, which had combined rates for a higher classified PPC with a lower classified PPC. The new rule uses the current PPC 5 rate as a base rate and applies the appropriate PPC factor from table 85.I based on applicable Protection Class. This same rating procedure is used for Basic Group I class rating for classes other than those in the Special Class table.

### **Overall Impact**

Due to the low premium volume of Special Class risks, the impact the program has on the overall rate level by territory is small. We will not be adjusting any of the base rates due to these changes.



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## LOSS COSTS/RATES

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### 85. BASIC GROUP I CLASS RATES

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#### DEVELOPMENT OF BASIC GROUP I CLASS RATES

1. To calculate applicable Basic Group I Class Rate, multiply the "Base" Rate selected according to CSP Class Code and construction from Item 2. below by the Public Protection Class Factor from **Table I**. Property must be located within the boundaries of a graded area: Municipality, Fire District, or Fire Protected Territory and located within seven road miles from a responding fire station and located within 1,000 feet of a standard fire hydrant. Hydrant distance requirement is waived when the protection classification includes credit for water hauling capabilities. Properties not meeting these requirements use Public Protection class Factor Rate Group 10. Basic Group I Special Class rates from Rule 85.L.3. are subject to Public Protection Class Factors. All rates are subject to Territorial Multipliers that appear in this rating rule after the Basic Group I class rates.



85. BASIC GROUP I CLASS RATES

SECTION VIII – BASIC GROUP I CLASS RATES

L.3. Special Class Rates

Item No.	SPECIAL CLASSES	PROTECTION CLASSES (Codes) Basic Group I Rates			Basic Group II Symbol
		1-4* (01-04)	5-8 (05-08)	9-10 (09-10)	
	<ul style="list-style-type: none"> <li>● CSP Class Code 1190 applies except for:</li> <li>● Billboards and Signs (Not on Buildings) (Item 7.) Class Code 1185</li> <li>● Bridges and aqueducts (Item 10.) Class Code 1200</li> <li>● Drive-in theaters (Item 14.) Class Code 0833</li> <li>● Electrical Vehicle Charging Stations (Item 16.) Class Code 1160</li> <li>● Solar Panel Arrays – Freestanding (Not on Buildings) (Item 29.) Class Code 1165</li> <li>● Wind Towers (Not on Buildings) (Item 37.) Class Code 1170</li> <li>● Use Coverage Code 1</li> <li>● Use Construction Code 0</li> </ul>				
1.	Apply the rates under (a), (b) and (c) to all property in the open, except for specific properties which have been provided for under Items 2. through 37.				
	(a) Masonry or Metal or other non-combustible materials, stock or equipment such as storage or machinery (with no combustible attachments or parts), metal bars or ingots, monuments, statuary, tombstones, stone and similar non-combustible materials, with no combustible wrapping or pallets.....	<del>.079</del>	.079	<del>.079</del>	A
	(b) Metal or other non-combustible materials with combustible wrappings, or on combustible pallets.....	<del>.476</del>	.624	<del>.773</del>	B
	(c) Materials, stock or equipment which are combustible or part combustible.....	<del>.922</del>	1.219	<del>1.516</del>	4B
2.	AIRCRAFT STORED IN THE OPEN.....	<del>.525</del>	.674	<del>.823</del>	8B
3.	AIRCRAFT BEACONS, BLINKERS and other Lighting Equipment:				
	(a) Metal Supports.....	<del>.099</del>	.099	<del>.099</del>	AB
	(b) Wood Supports.....	<del>1.021</del>	1.021	<del>1.021</del>	4B
4.	AMUSEMENT EQUIPMENT IN THE OPEN (Commercial Enterprises), including rides, games, aerial trams, ski lifts, amusement piers, golf driving range equipment, miniature golf equipment and similar equipment:				
	(a) Metal or other Non-Combustible-combustible Equipment.....	<del>.525</del>	.525	<del>.525</del>	B
	(b) Combustible Equipment.....	<del>3.003</del>	3.994	<del>4.985</del>	4B
5.	ARTIFICIAL TURF.....	<del>.307</del>	.347	<del>.377</del>	B
6.	AWNINGS OR CANOPIES (when insured separately):				
	(a) Entirely non-combustible, including supports.....	<del>.099</del>	.099	<del>.099</del>	8B
	(b) Other than above.....	<del>.922</del>	1.219	<del>1.516</del>	8B
7.	BILLBOARDS AND SIGNS (Not on Buildings):				
	(a) Entirely Metal, including frame and supports.....	<del>.941</del>	.941	<del>.941</del>	4B
	(b) Other than above.....	<del>2.180</del>	2.180	<del>2.180</del>	8B
8.	BLEACHERS.....	<del>.922</del>	1.219	<del>1.516</del>	B
9.	BOATS, DREDGES OR VESSELS ON LAND OR PERMANENTLY ANCHORED.....	<del>.922</del>	1.219	<del>1.516</del>	2B
10.	BRIDGES, AQUEDUCTS:				
	(a) Concrete, including supports and deck.....	<del>.089</del>	.089	<del>.089</del>	2A
	(b) Metal, including supports and deck.....	<del>.277</del>	.277	<del>.277</del>	3AB
	(c) Wood or part wood.....	<del>.823</del>	.921	<del>1.021</del>	4B
11.	COOLING TOWERS:				
	(a) Masonry.....	<del>.228</del>	.228	<del>.228</del>	2A
	(b) Metal.....	<del>.525</del>	.525	<del>.525</del>	3AB
	(c) Wood.....	<del>.922</del>	1.219	<del>1.516</del>	4B

12.	CORDWOOD, FELLED TIMBER, STAKES AND RAILROAD TIES in the open, not on the premises of a lumber mill or builders supply yard .....	<del>2.012</del>	2.259	<del>2.507</del>	4B
13.	CRANES AND OTHER HEAVY MACHINERY IN THE OPEN; .....	<del>.228</del>	.228	<del>.277</del>	3AB
14.	DRIVE-IN THEATERS (Speakers and Screens only):				
	(a) Speakers .....	<del>.129</del>	.129	<del>.129</del>	3AB
	(b) Screens:				
	(1) Concrete .....	<del>.079</del>	.079	<del>.079</del>	2A
	(2) Metal .....	<del>.277</del>	.277	<del>.277</del>	3AB
	(3) Wood.....	<del>.922</del>	1.219	<del>1.516</del>	4B
15.	ELECTRIC TRANSFORMERS in the open not owned by a public utility:				
	(a) On Concrete Pads or Steel Supports .....	<del>.129</del>	.129	<del>.129</del>	A
	(b) On Wood Supports.....	<del>.277</del>	.277	<del>.277</del>	4B
16.	ELECTRIC VEHICLE CHARGING STATIONS (Pole Mount or Pedestal; Not Wall Mounted .....	<del>.099</del>	.099	<del>.099</del>	3AB
17.	EXHIBIT STANDS AND BOOTHS IN THE OPEN:				
	(a) Entirely Metal .....	<del>.624</del>	.823	<del>1.021</del>	3AB
	(b) Wood or Part Wood.....	<del>1.219</del>	1.615	<del>2.012</del>	4B
18.	EXPLOSIVES IN THE OPEN .....	<del>9.940</del>	9.940	<del>9.940</del>	4B
19.	FENCES AND ARBORS:				
	(a) Metal or masonry .....	<del>.099</del>	.099	<del>.099</del>	3AB
	(b) Wood.....	<del>1.021</del>	1.021	<del>1.021</del>	4B
20.	INCINERATORS OR REFUSE BURNERS which are not part of a building:				
	(a) Masonry Construction .....	<del>.079</del>	.079	<del>.079</del>	2A
	(b) All Other Construction .....	<del>.129</del>	.129	<del>.129</del>	3AB
21.	MACHINERY AND EQUIPMENT IN THE OPEN in use for processing, manufacturing or mining operations, which is not part of a building or other structure:				
	(a) Where processing non-combustible materials only (such as rocks, sand, gravel or similar inert materials) .....	<del>.327</del>	.426	<del>.525</del>	3AB
	(b) Where processing combustible materials other than hay, straw or fibers .....	<del>.922</del>	1.219	<del>1.516</del>	3AB
	(c) Where processing hay, straw or other fibers.....	<del>1.814</del>	2.408	<del>3.003</del>	3AB
	(d) Where processing chemicals, acids or gases, make application for specific rating.				
22.	MOTION PICTURE SETS IN THE OPEN .....	<del>.922</del>	1.219	<del>1.516</del>	8B
23.	NURSERY STOCK IN THE OPEN (Trees, shrubs, plants, flowers) .....	<del>.773</del>	.773	<del>.773</del>	8B
	<b>Note:</b> The above classification does not apply to growing crops, or to standing timber, but may apply to landscaping trees, shrubs, plants or flowers not provided for in Dwelling Policy Program or Farm Rates.				
24.	OIL DERRICKS .....	<del>3.003</del>	3.994	<del>4.985</del>	8AB
25.	RAFTS AND OTHER FLOATING EQUIPMENT, ALSO PORTABLE OR MOVABLE DOCKS (NOT BOATS OR DREDGES) .....	<del>1.021</del>	1.021	<del>1.021</del>	8B
26.	RESERVOIR ROOFS.....	<del>9.940</del>	9.940	<del>9.940</del>	8AB
27.	SAWMILLS, PORTABLE, IN THE OPEN .....	<del>5.976</del>	6.719	<del>7.462</del>	8B
28.	STOCK PENS, FEED PENS, FEED STORING PENS, CORRALS, where such equipment is not subject to Farm Rates.....	<del>2.012</del>	2.259	<del>2.507</del>	8B
29.	SOLAR PANEL ARRAYS – FREESTANDING (Not on Buildings), including strut support .....	<del>.129</del>	.129	<del>.129</del>	8AB
30.	STREET LIGHTING POLES, PARKING METERS, STREET SIGNS, TRAFFIC SIGNALS, FLAGPOLES, FIRE ALARM BOXES, AND SIMILAR EQUIPMENT:				
	(a) Metal .....	<del>.099</del>	.099	<del>.099</del>	3AB
	(b) Wood or part Wood.....	<del>1.021</del>	1.021	<del>1.021</del>	4B



31.	SWIMMING POOLS IN THE OPEN:				
	(a) In Ground:				
	(1) Concrete or Metal.....	<del>.079</del>	.079	<del>.079</del>	A
	(2) Other than (1).....	<del>.277</del>	.277	<del>.277</del>	A
	(b) Above Ground:				
	(1) Concrete or Metal.....	<del>.079</del>	.079	<del>.079</del>	A
	(2) Other than (1).....	<del>1.021</del>	1.021	<del>1.021</del>	B
32.	TANKS, BINS AND SILOS, used for the storage of Non-Combustible Liquids such as Water, Non-Combustible Gases such as Nitrogen, Oxygen, or CO, and Non-Combustible combustible Solids such as Sand or Gravel:				
	(a) Tanks below ground, covered with earth .....	<del>.079</del>	.079	<del>.079</del>	1/2A
	(b) Tanks above ground:				
	(1) Masonry tanks on the ground, or masonry tanks with masonry supports .....	<del>.079</del>	.079	<del>.079</del>	A
	(2) Steel tanks on the ground, or masonry or steel tanks on steel supports .....	<del>.129</del>	.129	<del>.129</del>	A
	(3) Wood tanks, or tanks with wood supports (including wood reservoir roofs) .....	<del>.228</del>	.228	<del>.228</del>	4B
33.	TENTS AND FABRIC COVERED STRUCTURES:				
	(a) Fabric covered structures supported by structural metal members .....	<del>3.003</del>	3.399	<del>3.746</del>	8B
	(b) Air supported structures .....	<del>3.994</del>	4.489	<del>4.985</del>	8B
	(c) All other fabric covered structures .....	<del>3.994</del>	4.489	<del>4.985</del>	8B
34.	TOWERS:				
	(a) Broadcasting Antennas (Cell, Radio & TV) .....	<del>.129</del>	.129	<del>.129</del>	8AB
	(b) Receiving Antennas (Cell, Radio & TV) .....	<del>.129</del>	.129	<del>.129</del>	8B
	(c) Smokestacks or chimneys (Free Standing):				
	(1) Masonry .....	<del>.079</del>	.079	<del>.079</del>	8B
	(2) Metal .....	<del>.129</del>	.129	<del>.129</del>	8B
35.	TUNNELS AND UNDERGROUND PASSAGEWAYS, including underground conduits or pipes (excluding mine passageways):				
	(a) Masonry or Metal .....	<del>.089</del>	.089	<del>.089</del>	1/2A
	(b) Wood .....	<del>1.516</del>	1.516	<del>1.516</del>	1/2A
36.	WATER OR SEWAGE LIFT PUMPS, enclosed or open:				
	(a) Metal or Masonry .....	<del>.099</del>	.099	<del>.099</del>	A
	(b) Wood or part Wood.....	<del>.277</del>	.277	<del>.277</del>	B
37.	WIND TOWERS:				
	(a) Windmills and wind turbines – tower base of concrete, reinforced masonry and/or steel construction .....	<del>.129</del>	.129	<del>.129</del>	8AB
	(b) Windmills and wind turbines – other .....	<del>.129</del>	.129	<del>.129</del>	8B

\* For Protection Class 1 **ONLY**, apply a factor of .976 to the applicable rate.