

LOSS COSTS/RULES/FORMS – IMPLEMENTATION

DECEMBER 20, 2019

BUSINESSOWNERS

LI-BP-2019-196

NEW MICRO-BUSINESSOWNERS MULTISTATE RULES REVISION AMENDED AND TO BE IMPLEMENTED; FORMS AND LOSS COST REVISION TO BE IMPLEMENTED IN MISSOURI

KEY MESSAGE

We are implementing new Micro-Businessowners multistate forms and endorsements, rules amendment and loss costs revisions in Missouri.

Effective Date: 5/1/2020

Filing IDs: BP-2019-OFR19 (Forms), BP-2019-RRU19 (Rules) and BP-2019-RLC19 (Loss Costs)

BACKGROUND

In circular:

- [LI-BP-2019-097](#), we announced the submission of multistate forms filing BP-2019-OFR19, which announced the filing of a new Micro-Businessowners Coverage Form and endorsements to address the unique property and liability needs of micro-businesses.
- [LI-BP-2019-098](#), we announced the submission of multistate rules filing BP-2019-RRU19, which adds a new multistate rules section within Division Ten – Businessowners of the Commercial Lines Manual, to provide instruction on ISO's new Micro-Businessowners Program.
- [LI-BP-2019-099](#), we announced the submission of multistate loss costs filing BP-2019-RLC19, which adds a new section within Division Ten – Businessowners of the Commercial Lines Manual, to provide loss costs for ISO's new Micro-Businessowners Program.
- [LI-BP-2019-119](#), we provided the Missouri forms, rules and loss costs supplements to the multistate forms, rules and loss costs filings BP-2019-OFR19, BP-2019-RRU19 and BP-2019-RLC19.
- [LI-BP-2019-153](#), we announced the initial implementation of forms filing BP-2019-OFR19 in various jurisdictions.
- [LI-BP-2019-154](#), we provided you with final copies of the multistate endorsements included in forms filing BP-2019-OFR19.
- [LI-BP-2019-167](#), we furnished a sample advisory policyholder notice which provided a general overview of the new Micro-Businessowners Program.

In subsequent circulars, which are listed in the attached multistate status report, we provided state-specific forms, rules and loss costs supplements to these filings in certain jurisdictions. In addition, amendment filings were submitted in certain states.

SUBSEQUENT ISO ACTION

In response to comments from the Missouri Department of Insurance, we submitted an amendment to rules filing BP-2019-RRU19 as presented in the original submission of this supplement in order to further define the Liability Hazard and Professional Liability Hazard Groups.

Refer to the attached explanatory material for complete details about the filing.

INSURANCE DEPARTMENT ACTION

We have received acknowledgement of these filings including the amended rules supplement from the Missouri Department of Insurance. Therefore, we are implementing these filings in Missouri in accordance with the provisions in the Company Action block.

EFFECTIVE DATE

Forms Filing BP-2019-OFR19

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after May 1, 2020.

Rules Filing BP-2019-RRU19

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after May 1, 2020.

Loss Costs Filing BP-2019-RLC19

We are not establishing an effective date for the introduction of Micro-Businessowners loss costs. Each insurer that elects to utilize these loss costs is responsible for determining its own effective date. Future revisions of ISO's Micro-Businessowners loss costs will be filed with an effective date and will apply to those insurers that elect to leave their loss cost multipliers on file to automatically apply to subsequent ISO loss costs revisions of the Micro-Businessowners Program.

COMPANY ACTION

Forms Filing BP-2019-OFR19

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 Insurance Department.
- 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 Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number BP-2019-OFR19, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Rules Filing BP-2019-RRU19

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 Insurance Department.
- 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 Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number BP-2019-RRU19, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Loss Costs Filing BP-2019-RLC19

You must independently determine the final rates you will use. The action, if any, you must take in response to this filing is dependent upon how you filed to have your loss cost adjustments apply to subsequent revisions of ISO loss costs. Any submission you make with respect to this revision must comply with applicable regulatory filing requirements.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Reference Filing Number BP-2019-RLC19, NOT this circular number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Businessowners in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

FUTURE ISO ACTION

In future circulars, we will:

- Update the status of this revision. This status report will be updated periodically to provide you with the latest status. For interim updates, please check the Insurance Lines Services web site (www.verisk.com/ils). In addition to other information, this web site contains copies of major multistate filing status reports that are updated approximately every two weeks.
- Provide an updated multistate status report summarizing filing activity.

RATING SOFTWARE IMPACT**BP-2019-OFR19**

Refer to circular [LI-BP-2019-097](#) for the impact of the multistate filing.

BP-2019-RRU19

Refer to circular [LI-BP-2019-098](#) for the impact of the multistate filing.

BP-2019-RLC19

Refer to circular [LI-BP-2019-099](#) for the impact of the multistate filing.

IMPACT ON STATISTICAL REPORTING

Statistical Plan Holders circular [SP-BP-2019-005](#), entitled "Micro-Businessowners Program Introduced", was issued on September 19, 2019 announcing the establishment of statistical coding in the Businessowners module in support of Micro-Businessowners Program (Micro-BOP) for CSP, CSP Plus and CSP-i.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

Rules/Loss Costs

We will issue a Notice to Manualholders with an edition date of 5-20 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

Forms

We will issue a Notice to Portfolioholders with an edition date of 5-20 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing
- [LI-BP-2019-167](#) (11/12/2019) Advisory Sample Notice To Policyholders For New Micro-Businessowners Multistate Forms Program Furnished
- [LI-BP-2019-154](#) (11/01/2019) New Micro-Businessowners Multistate Forms And Endorsements (Edition 04 20) Available
- [LI-BP-2019-153](#) (11/01/2019) New Micro-Businessowners Multistate Forms, Rules And Loss Costs Revisions To Be Implemented
- [LI-BP-2019-119](#) (10/01/2019) Missouri Supplements To The New Micro-Businessowners Multistate Forms, Rules And Loss Costs Revision Provided
- [SP-BP-2019-005](#) (09/19/2019) Micro-Businessowners Program Introduced
- [LI-BP-2019-099](#) (09/13/2019) New Micro-Businessowners Multistate Loss Costs Being Submitted
- [LI-BP-2019-098](#) (09/13/2019) New Micro-Businessowners Multistate Rules Being Submitted
- [LI-BP-2019-097](#) (09/13/2019) New Micro-Businessowners Multistate Forms Program Being Submitted

ATTACHMENT(S)

- BP-2019-RRU19 Missouri Supplement Amendment Filing
 - Status Report
-

COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file, or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers, and service purchasers to reprint, copy, or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
 - (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:
Includes copyrighted material of Insurance Services Office, Inc., with its permission.
-

CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Amanda Swiger
Property, Compliance and Product Services
201-469-4326
Amanda.Swiger@verisk.com
property@verisk.com
- The status of these filings, please contact:
Daniel Holt
Property, Compliance and Product Services
201-469-2557
Daniel.Holt@verisk.com
property@verisk.com
- The loss costs content of this circular, please contact:
Hanna Komlos
Commercial Lines Actuarial Products
201-469-2354
Hanna.Komlos@verisk.com
propertyactuarial@verisk.com

- Other issues for this circular, please contact Customer Support:

E-mail: info@verisk.com

Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.

Amendment To Missouri Supplement to the Introduction Of The Micro- Businessowners Program

About This Filing

This amendment further revises Missouri state exceptions to Section VI of the Division Ten Businessowners manual in response to a Missouri Insurance Department objection.

New Rules

We are introducing the following rules:

- ◆ Rule 74. Premium Development – Mandatory Coverages
- ◆ Rule 78. Endorsements

Background

In the multistate section of this filing, we introduced Section VI to the Division Ten Businessowners manual to provide instruction on the Micro-Businessowners Coverage form BP 00 04 and related multistate endorsements which were introduced in companion filing BP-2019-OFR19.

In connection with this filing, the Missouri Department of Insurance (DOI) requested that we explain how the categories of the Liability Hazard Groups and Professional Liability Hazard Groups are defined.

Explanation of Changes

We are introducing the following state exceptions to Section VI Micro-Businessowners Program:

Rule 74. Premium Development – Mandatory Coverages

In response to the Missouri DOI's request, we are introducing an exception for Paragraph B.2.b.(3) in order to further define the Liability Hazard Groups categories of Low, Medium, and High.

Rule 78. Endorsements

In response to the Missouri DOI's request, we are introducing an exception for Paragraph B.3.g.(3) in order to further define the Professional Liability Hazard Groups categories of Low and High.

Copyright Explanation

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

Important Note

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

74. PREMIUM DEVELOPMENT – MANDATORY COVERAGES

The following is added to Paragraph **74.B.2.b.(3)**:

With respect to the Liability Hazard Groups in this Paragraph:

- (a) Low risk means that the product of the expected claim frequency and severity approximates the base loss cost.
- (b) Medium risk means that the product of the expected claim frequency and severity is above the base loss cost.
- (c) High risk means that the product of the expected claim frequency and severity is significantly above the base loss cost.

78. ENDORSEMENTS

The following is added to Paragraph **78.B.3.g.(3)**:

With respect to the Professional Liability Hazard Groups in this Paragraph:

- (a) Low risk means that the product of the expected claim frequency and severity approximates the base loss cost.
- (b) High risk means that the product of the expected claim frequency and severity is significantly above the base loss cost.

Status of New Micro-Businessowners 2019 Multistate Filings
BP-2019-OFR19 (Forms), BP-2019-RRU19 (Rules), BP-2019-RLC19 (Loss Costs)

STATE	EFFECTIVE OR DISTRIBUTION DATE	STATE-SPECIFIC SUPPLEMENT/AMENDMENT CIRCULAR (FO, RU, LC)	IMPLEMENTATION CIRCULAR (FO, RU, LC)
ALABAMA	4/1/2020	LI-BP-2019-100	LI-BP-2019-153
ALASKA		LI-BP-2019-101	
ARIZONA	4/1/2020	LI-BP-2019-102	LI-BP-2019-153
ARKANSAS	4/1/2020	LI-BP-2019-103	LI-BP-2019-153
CALIFORNIA		LI-BP-2019-104	
COLORADO	4/1/2020	LI-BP-2019-105	LI-BP-2019-153
CONNECTICUT			
DELAWARE	4/1/2020	LI-BP-2019-106	LI-BP-2019-181
DIST. OF COLUMBIA		LI-BP-2019-107	
FLORIDA			
GEORGIA			
GUAM*	4/1/2020	LI-BP-2019-141	LI-BP-2019-153
HAWAII			
IDAHO	4/1/2020	LI-BP-2019-108	LI-BP-2019-153
ILLINOIS	4/1/2020	LI-BP-2019-109/LI-BP-2019-158	LI-BP-2019-181
INDIANA	4/1/2020	LI-BP-2019-110	LI-BP-2019-153
IOWA	4/1/2020	LI-BP-2019-111	LI-BP-2019-153
KANSAS	4/1/2020	LI-BP-2019-112/LI-BP-2019-161	LI-BP-2019-181
KENTUCKY		LI-BP-2019-147/LI-BP-2019-166	
LOUISIANA**	4/1/2020	LI-BP-2019-113/LI-BP-2019-159	LI-BP-2019-181
MAINE	4/1/2020	LI-BP-2019-114	LI-BP-2019-153
MARYLAND	4/1/2020	LI-BP-2019-115	LI-BP-2019-153
MASSACHUSETTS		LI-BP-2019-116	
MICHIGAN	4/1/2020	LI-BP-2019-117/LI-BP-2019-152	LI-BP-2019-153
MINNESOTA		LI-BP-2019-118/LI-BP-2019-191	
MISSISSIPPI**	5/1/2020	LI-BP-2019-171	LI-BP-2019-192
MISSOURI	5/1/2020	LI-BP-2019-119	LI-BP-2019-196
MONTANA	4/1/2020	LI-BP-2019-120	LI-BP-2019-153
NEBRASKA	4/1/2020	LI-BP-2019-121	LI-BP-2019-153
NEVADA	4/1/2020	LI-BP-2019-122	LI-BP-2019-153
NEW HAMPSHIRE	4/1/2020	LI-BP-2019-123	LI-BP-2019-153
NEW JERSEY	4/1/2020	LI-BP-2019-124	LI-BP-2019-153
NEW MEXICO	4/1/2020	LI-BP-2019-125	LI-BP-2019-153
NEW YORK			
NORTH CAROLINA	4/1/2020	LI-BP-2019-126	LI-BP-2019-153
NORTH DAKOTA	4/1/2020	LI-BP-2019-155/LI-BP-2019-156	LI-BP-2019-181
OHIO		LI-BP-2019-127	
OKLAHOMA	4/1/2020	LI-BP-2019-128	LI-BP-2019-181
OREGON		LI-BP-2019-129	
PENNSYLVANIA	4/1/2020	LI-BP-2019-130/LI-BP-2019-160	LI-BP-2019-181
PUERTO RICO		LI-BP-2019-148	
RHODE ISLAND		LI-BP-2019-131/LI-BP-2019-195	
SOUTH CAROLINA	4/1/2020	LI-BP-2019-132	LI-BP-2019-153
SOUTH DAKOTA	4/1/2020	LI-BP-2019-133	LI-BP-2019-153
TENNESSEE	4/1/2020	LI-BP-2019-134	LI-BP-2019-153
TEXAS		LI-BP-2019-135/LI-BP-2019-173	
U.S. VIRGIN ISLANDS*		LI-BP-2019-144	
UTAH	4/1/2020	LI-BP-2019-136	LI-BP-2019-181
VERMONT			
VIRGINIA		LI-BP-2019-137	
WASHINGTON**		LI-BP-2019-138	
WEST VIRGINIA	4/1/2020	LI-BP-2019-142	LI-BP-2019-153
WISCONSIN	4/1/2020	LI-BP-2019-145	LI-BP-2019-153
WYOMING	4/1/2020	LI-BP-2019-143	LI-BP-2019-153

* ISO has no jurisdiction for rules/loss costs.

** LA, MS - Joint jurisdiction (FO, RU, LC). WA - Under jurisdiction of WSRB.

FORMS	RULES	LOSS COSTS
LI-BP-2019-097	LI-BP-2019-098	LI-BP-2019-099