

LOSS COSTS/RULES/FORMS – IMPLEMENTATION

JANUARY 28, 2020

BUSINESSOWNERS

LI-BP-2020-006

NEW MICRO-BUSINESSOWNERS MULTISTATE FORMS RULES AND LOSS COST REVISION TO BE IMPLEMENTED; INCLUDING AMENDMENT TO FORMS AND RULES SUPPLEMENTS IN ALASKA

KEY MESSAGE

We are implementing new Micro-Businessowners multistate forms and endorsements, rules and loss costs in Alaska. This includes the supplements and amendments to the forms and rules filings.

Effective Date: 6/1/2020

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-2019-101](#), we provided the Alaska forms and rules supplements to the multistate forms and rules filings BP-2019-OFR19 and BP-2019-RRU19.
- [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.

SUBSEQUENT ISO ACTION

In response to comments from the Alaska Division of Insurance, we amended the supplement to rules filing BP-2019-RRU19 introducing an exception to Rule 62., which provides that when a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory requirements. We also introduced an exception to Rule 78. to address Alaska-specific extended reporting period requirements.

In response to additional comments from the Alaska Division of Insurance in regard to multistate Rule 69. Cancellation, which does not address other calculations when premium for canceled policies is refunded on a less than pro rata basis, we submitted a second amendment to filing BP-2019-RRU19 introducing a state exception to Rule 69.B. which provides for the scenario when a cancellation fee of not more than 7.5% of the pro rata unearned premium applies because the insured has canceled the policy. For consistency, we submitted a companion amendment to forms filing BP-2019-OFR19 to revise Alaska Changes – Micro-Businessowners Endorsement BP 25 01 to track more closely with Rule 69.

Based on discussions with the Alaska Division of Insurance, we subsequently submitted a third amendment to rules filing BP-2019-RRU19 to further revise the state exception to Rule 69. to reflect other circumstances when calculation of premium for canceled policies is on a pro rata basis

Refer to the attached explanatory material for complete details about these amendment filings.

INSURANCE DEPARTMENT ACTION

We have received approval of forms filing BP-2019-OFR19, including the amended supplement, as well as acknowledgement of rules filing BP-2019-RRU19, including the amended supplement, and loss costs filing BP-2019-RLC19. Therefore, we are implementing these filings in Alaska 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 effective on or after June 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 effective on or after June 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.

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.

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 Alaska Division of Insurance on this revision, you should refer to ISO Filing Designation Number BP-2019-OFR19 and SERFF Tracking Number ISOF-132060398, 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 Alaska Division of Insurance on this revision, you should refer to ISO Filing Designation Number BP-2019-RRU19 and SERFF Tracking Number ISOF-132060421, 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 and the effective date of any rate change. If you decide to use ISO's advisory prospective loss costs you must:

- Determine what modification, if any, to these advisory prospective loss costs are appropriate for your company;
- Determine the expense and profit components to include in your rates;
- Determine your minimum and waiver premium amounts;
- Select your effective date;
- File in accordance with applicable regulatory filing requirements; and
- Advise your production forces of your decisions. If you decide NOT to use our advisory prospective loss costs, you need take no action.

For guidance on submission requirements, consult the ISO State Filing Handbook. In all correspondence with the Alaska Division of Insurance on this revision, you should refer to ISO Reference Filing Number BP-2019-RLC19 and SERFF Tracking Number ISOF-132060539, NOT this circular number.

SPECIAL NOTICE

The Alaska Division of Insurance has asked that we notify participating insurers that adopt ISO forms or form-related rule revisions that they must accept the explanatory materials in the ISO filing submission. The Division will consider insurers that do not accept the explanatory materials as deviating from the ISO filing. These insurers must explain their deviation as they would in any other form or form-related rule revision. The Division will assume that insurers that have provided ISO with filing authorization have accepted the explanatory materials in filings ISO makes on their behalf unless the insurer provides a written explanation for the deviation. Insurers that have not provided ISO with filing authorization must include in their adoption letters to the Division a statement either acknowledging that they are accepting the explanatory materials that were part of the ISO filing, or an explanation for their deviation.

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

Alaska Amendment to BP-2019-OFR19:

- A new endorsement is being introduced.

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

BP-2019-RRU19

Alaska Amendment to BP-2019-RRU19:

- New, additional factors are being introduced.
- A new calculation is being introduced.

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.

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 6-20 (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 6-20 (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-2019-101](#) (09/30/2019) Alaska Supplements To The New Micro-Businessowners Multistate Forms And Rules 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
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ATTACHMENT(S)

- BP-2019-OFR19 Alaska Supplement Amendment Filing
- BP-2019-RRU19 Alaska Supplement Amendment Filing #1
- BP-2019-RRU19 Alaska Supplement Amendment Filing #2
- BP-2019-RRU19 Alaska Supplement Amendment Filing #3
- Status Report

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

About This Filing

This amendment further revises an Alaska-specific endorsement in response to an Alaska Division of Insurance objection.

Revised Form

We are revising the following form:

- ♦ BP 25 01 04 20 – Alaska Changes – Micro-Businessowners

Related Filing(s)

- ♦ BP-2019-RRU19 (Rules)
- ♦ BP-2019-RLC19 (Loss Costs)

Background

In the multistate section of this filing, we introduced the Micro-Businessowners Coverage Form BP 00 04 and corresponding multi-state endorsements for use with our Micro-Businessowners program.

During review we received comments from the Alaska Division of Insurance in regard to Microbusinessowners multistate Rule 69 Cancellation which does not address other calculations when premium for canceled policies is refunded on a less than pro rata basis. We are submitting an amendment to companion filing BP-2019-RRU19 which will introduce a state exception to Rule 69.B. to provide for the scenario when a cancellation fee applies of not more than 7.5% of the pro rata unearned premium because the insured has canceled the policy per paragraph C.1.A.6.b.(1) of Alaska Changes - Microbusinessowners endorsement BP 25 01.

Explanation of Changes

BP 25 01 – Alaska Changes – Micro-Businessowners

We are deleting the exception under paragraph C.1.A.6.b.(1) to track more closely with rule 69.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALASKA CHANGES – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM
MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY ENDORSEMENT

A. Section I – Property is amended as follows:

1. Paragraph 1.h. under **B. Exclusions** does not apply.
2. Paragraph **B.1.i. Virus Or Bacteria** is replaced by the following:
 - j. **Virus Or Bacteria**
 - (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
 - (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from fungus.
 - (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

3. Paragraph E.2. Appraisal Property Loss Condition is replaced by the following:

2. Appraisal

If you and we fail to agree on the amount of loss, either may make a written demand for an appraisal of the loss. In this event, within 10 days of the demand, each party will choose a competent appraiser and will notify the other of the appraiser selected. The two appraisers will promptly choose a competent and impartial umpire. If they cannot agree, either may request that the choice be made by a judge of a court having jurisdiction. Not later than 15 days after the umpire has been chosen, unless this time period is extended by the umpire, each appraiser will separately state, in writing, the amount of loss. If the appraisers submit a written report of an agreement on the amount of loss, that agreement will be binding. If they fail to agree, they will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding. Each party will:

- a. Pay its own counsel and adjuster fees; and

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- b. Bear those other expenses and fees which are incurred as a result of the appraisal, either in entirety or proportionately, as determined by the umpire.

Neither party waives any rights under this Policy by agreeing to an appraisal.

- 4. Paragraph **b.** under **E.3. Duties In The Event Of Loss Or Damage** Property Loss Condition is replaced by the following:

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed. Any insured has the right to have legal counsel present at the examination.

- 5. Paragraph **E.4. Legal Action Against Us** Property Loss Condition is replaced by the following:

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The legal action is brought within three years from the date you learned that the claim was denied.

- 6. Paragraph **g.** under **E.5. Loss Payment** Property Loss Condition is replaced by the following:

- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all the terms of this Policy, and

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

The undisputed part of a claim will be paid in accordance with the terms of this condition, even if other parts of the claim remain in dispute.

- 7. Paragraph **3.** under **G. Property Definitions** does not apply.

- 8. The following paragraph is added to **Section I – Property** and supersedes any provision to the contrary:

A loss may be caused by a chain of causes. If a Covered Cause of Loss is the dominant cause of such a loss, we will not deny coverage on the basis that a secondary cause in that chain is not a Covered Cause of Loss.

- B. Section II – Liability** is amended as follows:

- 1. Paragraph **B.1.i.** is replaced by the following:

i. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising out of:

- (1) War, including undeclared or civil war; or
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- 2. Paragraph **B.1.r.** is replaced by the following:

r. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or

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- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

C. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A. Cancellation** is replaced by the following:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this Policy by mailing to us advance written notice of cancellation.
 2. We may cancel this Policy by mailing to you and the agent or broker of record written notice of cancellation. Such notice, stating the reason for cancellation, must be sent by first-class mail at least:
 - a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against; or
 - (2) Fraud or material misrepresentation by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under this Policy; or
 - b. 20 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Failure or refusal of the insured to provide the information necessary to confirm exposure or determine the policy premium; or
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.
 3. We will mail our notice to your last known address and the last known address of the agent or broker of record.
 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
 6. If this Policy is cancelled, we will return any premium refund due to the agent or broker of record, or directly to the first Named Insured, or, if applicable, to the premium finance company. If:
 - a. We cancel, the refund will be the pro rata unearned premium. The refund will be returned or credited before the effective date of cancellation. However, if cancellation is for:
 - (1) Nonpayment of premium;
 - (2) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;
 - (3) Discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the Policy;
 - (4) Failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium; or
 - (5) A reason described in AS Sec. 21.36.210(a)(2);any unearned premium shall be returned or credited within 45 days after the cancellation notice is given.
 - b. The first Named Insured cancels, the refund:
 - (1) Will be the pro rata unearned premium minus a cancellation fee of not more than 7.5% of the pro rata unearned premium; ~~or. However, we will not retain this cancellation fee if this Policy is cancelled:~~
 - ~~(a) And rewritten with us or in our company group;~~
 - ~~(b) At our request;~~
 - ~~(c) Because you no longer have a financial or insurable interest in the property or business operation that is the subject of this insurance; or~~

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(2) Will be returned or credited:

(a) By the effective date of cancellation; or

(b) Within 45 days of your request to cancel;

whichever is later.

If the Policy is selected for audit, we will complete the audit within 45 days of receipt of the request for cancellation. The refund will be returned within 45 days of completion of an audit, or the effective date of cancellation, whichever is later.

2. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

1. We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements that are either:

a. Fraudulent; or

b. Material either to the acceptance of the risk, or to the hazard assumed by us.

2. We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements if we, in good faith, would either:

a. Not have issued a policy or contract;

b. Not have issued a policy or contract in as large an amount, or at the same premium or rate; or

c. Not have provided coverage with respect to the hazard resulting in the loss;

if the true facts had been made known to us as required either by the application for the Policy or contract or otherwise.

3. Paragraph 1. under **H. Other Insurance** is replaced by the following:

1. If there is other insurance, as described below, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not if:

a. The property covered under this insurance is also covered under another policy in which it is more specifically described; or

b. The other insurance covers your interest or the interest of others in property which you do not own.

4. The following paragraphs are added and supersede any provision to the contrary:

M. Nonrenewal

1. If we decide not to renew this Policy, we will mail written notice of nonrenewal, by first-class mail, to you and the agent or broker of record at least 45 days before the expiration date.

2. We need not mail notice of nonrenewal if:

a. We have manifested in good faith our willingness to renew; or

b. The first Named Insured has failed to pay any premium required for this Policy; or

c. The first Named Insured fails to pay the premium required for renewal of this Policy.

3. Any notice of nonrenewal will be mailed to your last known address and the last known address of the agent or broker of record. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

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N. Notice Of Premium Or Coverage Changes On Renewal

If the premium to renew this Policy increases more than 10% for a reason other than an increase in coverage or exposure basis, or if after the renewal there will be a material restriction or reduction in coverage not specifically requested by the insured, we will mail written notice by first-class mail to your last known address and the last known address of the agent or broker of record at least 45 days before the expiration date.

A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

D. The following changes apply only to Micro-businessowners Professional Liability Endorsement **BP 22 02** if it is attached to this Policy:

1. Paragraph **B.1.j. Exclusions – Fungi Or Bacteria** is deleted in its entirety.

2. Paragraph **D.3.** is replaced by the following:

3. Basic Extended Reporting Period

a. A Basic Extended Reporting Period is automatically provided without additional charge if:

(1) This endorsement is cancelled or not renewed for any reason; or

(2) We renew or replace this endorsement with insurance that:

(a) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or

(b) Does not apply to "wrongful acts" on a claims-made basis.

b. The Basic Extended Reporting Period starts with the end of the policy period and lasts for 60 days. A "claim" first made and reported by the insured during this 60-day period will be considered to have been received within the policy period. However, the 60-day Basic Extended Reporting Period does not apply to "claims" that are covered under any subsequent insurance purchased by the insured, or that would be covered but for exhaustion of the Professional Liability Aggregate Limit of Insurance applicable to such "claims".

c. The Basic Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" to which the following applies:

(1) The "claim" is first made and reported to us during the Basic Extended Reporting Period; and

(2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.

3. Paragraph **D.4.** is replaced by the following:

4. Supplemental Extended Reporting Period

a. You will have the right to purchase a Supplemental Extended Reporting Period from us if:

(1) This endorsement is cancelled or not renewed; or

(2) We renew or replace this endorsement with insurance that:

(a) Has a Retroactive Date later than the date shown in the Schedule; or

(b) Does not apply to "wrongful acts" on a claims-made basis.

b. The Supplemental Extended Reporting Period will not be available if:

(1) We cancel this endorsement for nonpayment of premium; or

(2) You fail to pay any amounts owed us.

c. A Supplemental Extended Reporting Period, as specified in Paragraph a., lasts 60 months and is available only for an additional premium.

d. The Supplemental Extended Reporting Period starts with the end of the Basic Extended Reporting Period set forth in Paragraph 3. It does not extend the policy period or change the scope of the coverage provided. It applies only to "claims" to which the following applies:

(1) The "claim" is first made and reported to us during the Supplemental Extended Reporting Period; and

- (2) The "claim" arose out of either a "wrongful act" or the first of a series of "interrelated wrongful acts" which occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the policy period.
- e. You must give us a written request for the Supplemental Extended Reporting Period within 60 days after the end of the policy period or the effective date of cancellation, whichever comes first.
- f. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium in full along with any premium or deductible you owe us for coverage provided under this endorsement within 60 days after the end of the policy period or the effective date of cancellation, whichever comes first. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.
- g. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - (1) The exposures insured;
 - (2) Previous types and amounts of insurance;
 - (3) Limit of Insurance available under this endorsement for future payment of "losses"; and
 - (4) Other related factors.

The additional premium will be less than 200% of the annual premium for this endorsement. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.
- 4. Paragraph **D.6. Merger Or Acquisition Of Named Insured** is replaced by the following:
 - 6. **Merger Or Acquisition Of Named Insured**
If during the policy period:
 - a. The named insured merges into or consolidates with another entity such that the named insured is not the surviving entity; or

- b. Another entity or person or group of entities and/or persons acting in concert, acquires securities or voting rights which result in ownership or voting control by the other entities or persons of more than 50% of the outstanding securities representing the present right to vote for the election of directors of the named insured;

then coverage under this Policy will continue until the end of the policy period, but only with respect to "claims" arising out of "wrongful acts" which occurred on or after the retroactive date and prior to such merger, consolidation or acquisition.

The named insured must give written notice of such merger, consolidation or acquisition to us within 60 days of such merger, consolidation or acquisition.

- 5. The first paragraph of the **Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim** General Condition under Paragraph E. is replaced by the following:

- 1. **Duties In The Event Of A Claim Or Wrongful Act That May Result In A Claim**

- a. You must give us written notice of any "claim" made against you within the policy period as soon as practicable.

- 6. The following provision is added:

Under the Professional Liability Insuring Agreements, in any "suit" in Alaska in which we have a right or a duty to defend an insured within the Professional Liability Aggregate Limit of Insurance, our obligation to pay attorney's fees taxable as costs against the insured is limited as follows:

Alaska Rule of Civil Procedure 82 provides that if the insured is held liable, some or all of the attorney's fees of the person making a claim against the insured must be paid by the insured. The amount that must be paid by the insured is determined by Alaska Rule of Civil Procedure 82. We provide coverage for attorney's fees for which the insured is liable under Alaska Rule of Civil Procedure 82 subject to the following limitation:

- 1. If the Limit of Liability is \$1,000,000, we will not pay any combination of judgment or claim settlement and attorney's fees under Alaska Rule of Civil Procedure 82 that exceeds the Limit of Liability.

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2. If the Limit of Liability is less than \$1,000,000, we will not pay more than the greater of:

a. That portion of any attorney's fees that is calculated by applying the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) to the Limit of Insurance; or

b. \$10,000.

This limitation means that the potential costs that may be awarded against the insured as attorney's fees may not be covered in full. The insured will have to pay any attorney's fees not covered directly.

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

About This Filing

This amendment introduces and further revises Alaska state exceptions to Section VI of the Division Ten Businessowners manual in response to an Alaska Division of Insurance objection.

New and Revised Rules

We are introducing the state exception to:

- ◆ Rule 62. Referrals To Company

We are revising the state exception to:

- ◆ Rule 78 Endorsements

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

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.

Explanation of Changes

We are introducing the following state exception to Section VI Businessowners Program:

Rule 62. Referrals To Company

We are introducing an exception to Rule 62 based on a request from the Alaska Division of Insurance and for consistency with other lines of business to provide that when a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory requirements. In accordance with Alaska Order R94-02, companies must file a "guide rate" or "range of rates" to be used.

We are further revising the following state exception to Section VI Micro-Businessowners Program:

Rule 78. Endorsements

Based on Alaska Division of Insurance requirements, we are further revising the state exception to Rule 78 to provide a five year additional extended reporting period for an additional premium of less than 2.00 times the annual premium.

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62. REFERRALS TO COMPANY

Rule **62.** is replaced by the following:

Refer to the company for:

A. Rating or classifying any risk or exposure for which there is no manual rate or applicable classification.

B. Any applicable rating plan modification.

When a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory requirements. In accordance with Alaska Order R94-02, companies must file a "guide rate" or "range of rates" to be used, or a rule or other documentation showing how a rate will be developed for risks rated on a "refer-to-company" basis.

78. ENDORSEMENTS

Paragraphs **B.3.d.(1)**, **B.3.h.(1)** and **B.3.h.(2)** are replaced by the following:

B. Endorsements Applicable To Specific Classes

3. Micro-Businessowners Professional Liability Endorsement BP 22 02

d. Basic Extended Reporting Period

- (1) If the circumstances related to cancellation or nonrenewal of coverage specified in the Extended Reporting Periods Condition of the endorsement are met, a Basic Extended Reporting Period is automatically provided at no additional charge. This period starts with the end of the policy period and lasts for 60 days.

h. Supplemental Extended Reporting Period

- (1) If the circumstances related to cancellation or nonrenewal of coverage specified in the Extended Reporting Periods Condition of the endorsement are met, an optional Supplemental Extended Reporting Period is available, but only for an additional charge. The Named Insured must request the Supplemental Extended Reporting Period in writing within 60 days after the end of the policy period or the effective date of cancellation, whichever comes first. The Supplemental Extended Reporting Period will begin after the 60-day Basic Extended Reporting Period expires and will last for ~~one year~~ 60 months.
- (2) Refer to company for rating. However, the premium charged for the Supplemental Extended Reporting Period may not exceed 2.00 times the annual premium for Endorsement **BP 22 02**.

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

About This Filing

This amendment introduces an additional Alaska state exception to Section VI of the Division Ten Businessowners manual in response to an Alaska Division of Insurance objection.

New Rules

We are introducing a state exception to:

- ◆ Rule 69. Policy Cancellation

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

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.

Explanation of Changes

We are introducing the following state exception to Section VI Businessowners Program:

Rule 69. Cancellation

We are introducing an exception to Rule 69 based on a request from the Alaska Division of Insurance to reflect when calculation of premium for canceled policies is not on a pro rata basis.

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69. POLICY CANCELLATION

Rule **69.B.** is replaced by the following:

B. Other Calculations

If Paragraph **A.** of this rule does not apply, compute return premium at a factor of the pro rata unearned premium found in Table **69.B.** and round to the next higher whole dollar.

<u>Factor</u>
<u>0.925</u>

Table 69.B. Return Premium Factor

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

About This Filing

This amendment further revises an Alaska state exception to Section VI of the Division Ten Businessowners manual in response to an Alaska Division of Insurance objection.

Revised Rules

We are revising the state exception to:

- ◆ Rule 69. Policy Cancellation

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

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.

Explanation of Changes

Rule 69. Cancellation

Based on discussions with the Alaska Division of Insurance, we are further revising the state exception to Rule 69 to reflect other circumstances when calculation of premium for canceled policies is on a pro rata basis.

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69. POLICY CANCELLATION

Rule **69.** is replaced by the following:

A. Pro Rata Cancellation

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled at the company's request or because the insured no longer has a financial or insurable interest in the property or business operation that is the subject of the insurance.

Rule ~~**69.B.**~~ is replaced by the following:

B. Other Calculations

If Paragraph **A.** of this rule does not apply, compute return premium at a factor of the pro rata unearned premium found in Table **69.B.** and round to the next higher whole dollar.

Factor
0.925

Table 69.B. Return Premium Factor

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	6/1/2020	LI-BP-2019-101	LI-BP-2020-006
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/LI-BP-2019-197
MISSOURI	5/1/2020	LI-BP-2019-119	LI-BP-2019-196/LI-BP-2019-197
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/LI-BP-2020-003	
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

BOLD INDICATES CHANGES.

* 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