

Businessowners Cannabis Exclusion



CIRCULAR NUMBER
BP-2019-02



**WSRB FILING
DESIGNATION NUMBER**
*BP-2019-OMITF
BP-2019-RMITR
BP-2019-RMITL*



EFFECTIVE DATE
These changes are applicable to all
policies effective on or after
September 1, 2019



QUESTIONS

Compliance Department
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CHANGES

These filings introduce Businessowners cannabis-related exclusionary endorsements. Additionally, we have revised the Contractors' Installation, Tools and Equipment Coverage Endorsement BP 07 01 and its corresponding rules and loss costs.

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 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.

In all correspondence with the Insurance Department regarding this revision, include the WSRB Filing Designation Number, not this Circular number.

MANUAL DISTRIBUTION

Insurance Service Office, Inc. will print and distribute revised manual pages prior to the effective date. A complete copy of the filing is available at the WSRB web site using the Compliance Filings Library. Circular notification is available by e-mail only. Register to receive electronic notification at the Compliance Filings Library page inside the Members section at wsrb.com

State:	Washington	Filing Company:	Washington Surveying and Rating Bureau
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0002 Businessowners		
Product Name:	BOP Contractors Installation Tools and Equipment Cov Loss Costs		
Project Name/Number:	BOP Contractors Installation Tools and Equipment Cov Loss Costs/BP-2019-RMITL		

Filing at a Glance

Company:	Washington Surveying and Rating Bureau
Product Name:	BOP Contractors Installation Tools and Equipment Cov Loss Costs
State:	Washington
TOI:	05.0 CMP Liability and Non-Liability
Sub-TOI:	05.0002 Businessowners
Filing Type:	Rate/Rule
Date Submitted:	03/14/2019
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SERFF Status:	Closed-Approved
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Co Status:	Approved
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Requested (New):	
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Requested (Renewal):	
Author(s):	Jim Antush
Reviewer(s):	Dan Forsman (primary)
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Effective Date (Renewal):	
Destruction Date:	

**COMMERCIAL LINES MANUAL
DIVISION TEN
BUSINESSOWNERS
LOSS COST PAGES**

**SECTION I
GENERAL RULES**

**RULE 7.
POLICY WRITING MINIMUM PREMIUM**

Minimum premium is +.
+ Refer to company.

**RULE 8.
ADDITIONAL PREMIUM CHANGES**

B. Waiver Of Premium

Waive additional premium of + or less.
+ Refer to company.

**RULE 9.
RETURN PREMIUM CHANGES**

B. Waiver Of Premium

Waive return premium of + or less. However, any return premium requested by the insured must be granted.
+ Refer to company.

**SECTION II
COVERAGE FORM RULES**

**RULE 16.
MANDATORY FORMS, COVERAGE AND LIMITS**

Loss Cost	
Loss cost (per \$100) for Contractors' Installation	\$ 0.75

Table 16.B.4.a.(1)(b)(i)(LC) Contractors' Installation Premium Determination

Coverage	Loss Cost		
	\$2,000 Sublimit Option	\$1,000 Sublimit Option	\$500 Sublimit Option
Loss cost (per \$100) for Contractors' Blanket Tools And Equipment	\$ 2.00	\$ 1.90	\$ 1.80

Table 16.B.4.a.(2)(c)(i)(LC) Contractors' Tools And Equipment Premium Determination – Blanket Basis

Loss Cost	
Loss cost (per \$100) for Contractors' Scheduled Tools And Equipment	\$ 1.10

Table 16.B.4.a.(2)(c)(ii)(LC) Contractors' Tools And Equipment Premium Determination – Scheduled Basis

Loss Cost	
Additional loss cost (per \$100) for Non-owned Tools And Equipment	\$ 1.20

Table 16.B.4.b.(1)(b)(i)(LC) Non-owned Tools And Equipment Premium Determination

Loss Cost	
Additional loss cost (per \$100) for Employees' Tools	\$ 2.00

Table 16.B.4.b.(2)(b)(i)(LC) Employees' Tools Premium Determination

Per Guest Limit Of Insurance	Per Occurrence Limit Of Insurance	Loss Cost
\$ 2,000	\$ 50,000	\$ 7.05
3,000	75,000	14.10
4,000	100,000	21.15

Table 16.B.5.c.(LC) Optional Higher Limits For Guests' Property Premium Determination

Loss Cost	
The additional loss cost (per \$100) for Customers' Goods Legal Liability Coverage Optional Higher Limits	\$ 0.131

Table 16.B.7.c.(LC) Customers' Goods Legal Liability Optional Higher Limits Premium Determination

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DIVISION TEN
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**SECTION III
RATING AND ELIGIBILITY RULES**

**RULE 23.
PREMIUM DEVELOPMENT – MANDATORY
COVERAGES**

Loss Cost	
The additional premium per Swimming Pool	\$ 250.00

Table 23.C.6.c.(2)(LC) Swimming Pool Premium Determination

**SECTION IV
OPTIONAL COVERAGE RULES**

**RULE 28.
OPTIONAL COVERAGES**

Limit Of Insurance	Loss Cost	
	Additional Premium (0–5 Employees)	Each Additional Employee Over 5
\$ 5,000	\$ 26.48	\$ 3.01
10,000	41.28	4.47
25,000	70.88	6.74
50,000	105.32	9.02
100,000	154.75	11.30

Table 28.A.8.b.#1(LC) Employee Dishonesty Premium Determination

Limit Of Insurance	Loss Cost
	Each Additional Location*
\$ 5,000	\$ 2.29
10,000	3.79
25,000	7.44
50,000	12.04
100,000	19.65
* For more than 24 additional locations, refer to company.	

Table 28.A.8.b.#2(LC) Employee Dishonesty Additional Location Premium Determination

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

EXECUTIVE SUMMARY

PURPOSE

This document:

- revises advisory prospective loss costs associated with the ISO Contractors' Installation, Tools and Equipment Coverage Endorsement BP 07 01.
 - introduces a loss cost for the new coverage option for Blanket Contractors' Tools and Equipment with a \$1,000 per tool sublimit
 - explains the methodologies used to derive these advisory loss costs.
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DEFINITION OF
ISO ADVISORY
PROSPECTIVE
LOSS COSTS

Advisory prospective loss costs in this document are that portion of a rate that does not include provisions for expenses (other than loss adjustment expenses) or profit, and are based on historical data projected through trending to a future point in time.

COVERAGES
OFFERED
IN THIS
ENDORSEMENT

The following Coverages are provided in the Businessowners Contractors' Installation, Tools and Equipment Coverage Endorsement BP 07 01:

1. Coverage 1: Contractors' Installation Coverage (Mandatory)
 2. Coverage 2: Contractors' Tools and Equipment Coverage (Mandatory)
 - Blanket Basis
 - Scheduled Basis
 3. Coverage 3: Non-owned Tools and Equipment Coverage (Optional)
 4. Coverage 4: Employees' Tools Coverage (Optional)
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CONCURRENT
FILINGS

FILING BP-2019-RMITR – Rules Filing
FILING BP-2019-OMITF – Forms Filing

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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EXECUTIVE SUMMARY

HISTORICAL
SOURCE DATA

Sources of data underlying this advisory prospective loss cost review are:

- ISO Commercial Statistical Plan Businessowners Contractors' Installation, Tools and Equipment Coverage Endorsement data: Accident Year experience through 12/31/2017 (evaluated as of 3/31/2018); and
 - ISO Commercial Statistical Plan Inland Marine data: Accident Year experience through 12/31/2017 (evaluated as of 3/31/2018).
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COMPANY
DECISION

We encourage each insurer to decide independently whether the judgments made and the procedures or data used by Insurance Services Office, Inc. (ISO) in developing the loss costs contained herein are appropriate for its use. We have included within this document the information upon which ISO relied in order to enable companies to make such independent judgments.

Some calculations included in this document involve areas of ISO staff judgment. Each insurer should carefully review and evaluate its own experience in order to determine whether the ISO selected loss costs are appropriate for its use.

The material has been developed exclusively by the staff of Insurance Services Office, Inc.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

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BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

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BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

OVERVIEW

The following Coverages are provided in the Businessowners Contractors' Installation, Tools and Equipment Coverage Endorsement:

1. Coverage 1: Contractors' Installation Coverage (Mandatory)
2. Coverage 2: Contractors' Tools and Equipment Coverage (Mandatory)
 - Blanket Basis
 - Scheduled Basis
3. Coverage 3: Non-owned Tools and Equipment Coverage (Optional)
4. Coverage 4: Employees' Tools Coverage (Optional)

This filing provides revised loss costs for each of the four Coverages provided under the Businessowners Contractors' Installation, Tools and Equipment Coverage Endorsement BP 07 01 to reflect recently reported data and coverage changes to the Endorsement that have rating impacts.

Data reported under the ISO Commercial Statistical Plan for Businessowners and Commercial Inland Marine were utilized in the revision of these loss costs.

Loss cost tables for Coverages 1, 2 and 3 of this Endorsement will be revised to reflect one loss cost (per \$100 of Amount of Insurance) for each of these coverages. Loss costs at various Amounts of Insurance ranges for Coverages 1, 2 and 3 will no longer be provided.

CONTRACTORS'
INSTALLATION
COVERAGE

Currently, the Businessowners Manual provides **combined** loss costs for the two mandatory coverages at a base level of coverage (\$3,000 of Installation and \$3,000 of Blanket Tools and Equipment) and at two per tool limits of \$500 and \$2,000. Also, there is currently a loss cost table for higher limits of Installation coverage.

We are filing a separate loss cost, per \$100 of Amount of Insurance, for this mandatory Installation coverage to allow insureds to select a different limit for each mandatory coverage. This change also complements the removal of the separate limits for Property At All Covered Job Sites Combined, Property in Transit, and Property At A "Temporary Storage Location" in companion forms filing BP-2019-OMITF in favor of a single per occurrence limit.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

REVISED LOSS COSTS

CONTRACTORS'
INSTALLATION
COVERAGE
(Cont'd)

Current Loss Costs associated with Contractors' Installation Coverage are below.

Coverage	Loss Cost	
	\$2,000 Sublimit Option	\$500 Sublimit Option
The additional premium for Contractors Endorsement BP 07 01	\$ 69.50	\$ 65.00

Table 16.B.4.a.(3)(LC) Contractors' Installation, Tools And Equipment Coverage Endorsement Premium Determination

Note: A \$20 charge for the Installation portion of the base coverage was assumed in the development of the current loss costs.

Limit Of Insurance For Property At Each Covered Job Site	Limit Of Insurance For Property At All Covered Job Sites	Loss Cost
\$ 5,000	\$ 15,000	\$ 70
10,000	30,000	125
15,000	45,000	160
20,000	60,000	185
25,000	75,000	205

Table 16.B.4.c.(1)(LC) Contractors' Installation Coverage Optional Higher Limits Of Insurance Premium Determination

The **Revised** Loss Cost associated with Contractors' Installation Coverage is below.

Loss Cost	
The loss cost (per \$100) for Contractors' Installation	\$ 0.75

Table 16.B.4.a.(1)(b)(i)(LC) Contractors' Installation Premium Determination

Table A shows the percentage changes from the current loss costs to revised loss costs for Contractors' Installation Coverage at various amounts of insurance. The current loss costs include the \$20 charge for the \$3,000 of Installation coverage included in the base level of coverage.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

REVISED LOSS COSTS

TABLE A
CONTRACTORS' INSTALLATION LOSS COST CHANGES

<u>Amount of Insurance</u>	<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3,000	\$20.00	\$22.50	+12.5%
\$5,000	\$90.00	\$37.50	-58.3%
\$10,000	\$145.00	\$75.00	-48.3%
\$15,000	\$180.00	\$112.50	-37.5%
\$20,000	\$205.00	\$150.00	-26.8%
\$25,000	\$225.00	\$187.50	-16.7%

Example calculations for the \$5,000 Amount of Insurance:

Current Loss Cost: $\$20.00 + \$70.00 = \$90.00$

Revised Loss Cost: $\$5,000/100 * \$0.75 = \$37.50$

Change: $\$37.50 / \$90.00 = -58.3\%$

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

CONTRACTORS'
SCHEDULED
TOOLS AND EQUIPMENT
COVERAGE

Currently, the Scheduled Tools and Equipment Loss Costs are given by Amount of Insurance range. We are filing one loss cost for this coverage that applies per \$100 of Amount of Insurance.

Current Loss Costs associated with Contractors' Scheduled Tools and Equipment Coverage are below.

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 1.15
5,001 – 10,000	1.05
10,001 – 25,000	1.00
25,001 – 50,000	0.95
50,001 – 100,000	0.90

Table 16.B.4.c.(2)(c)(i)(LC) Scheduled Tools And Equipment Coverage Premium Determination

The **Revised** Loss Cost associated with Contractors' Scheduled Tools and Equipment Coverage is below.

Loss Cost	
The loss cost (per \$100) for Contractors' Scheduled Tools And Equipment	\$ 1.10

Table 16.B.4.a.(2)(c)(ii)(LC) Contractors' Tool And Equipment Premium Determination – Scheduled Basis

Table B shows the percentage changes from the current loss costs to revised loss costs for Contractors' Scheduled Tools and Equipment Coverage at various amounts of insurance.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

TABLE B
CONTRACTORS' SCHEDULED TOOLS AND EQUIPMENT LOSS COST CHANGES

<u>Amount of Insurance</u>	<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3,000	\$34.50	\$33.00	-4.3%
\$5,000	\$57.50	\$55.00	-4.3%
\$7,500	\$83.75	\$82.50	-1.5%
\$10,000	\$110.00	\$110.00	0.0%
\$15,000	\$160.00	\$165.00	+3.1%
\$20,000	\$210.00	\$220.00	+4.8%
\$25,000	\$260.00	\$275.00	+5.8%
\$35,000	\$355.00	\$385.00	+8.5%
\$50,000	\$497.50	\$550.00	+10.6%
\$75,000	\$722.50	\$825.00	+14.2%
\$100,000	\$947.50	\$1,100.00	+16.1%

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

REVISED LOSS COSTS

CONTRACTORS'
BLANKET
TOOLS AND EQUIPMENT
COVERAGE

Currently, the Businessowners Manual provides **combined** loss costs for the two mandatory coverages at a base level of coverage (\$3,000 of Installation and \$3,000 of Blanket Tools and Equipment) and at two per tool limits of \$500 and \$2,000. Also, there are currently loss cost tables, per \$100 of Amount of Insurance, for higher limits of Blanket Tools and Equipment coverage for the \$500 per tool limit and the \$2,000 per tool limit. These higher limit Blanket Tools and Equipment loss costs are given by Limit of Insurance range.

We are filing a separate loss cost for this mandatory Blanket Tools and Equipment coverage to allow insureds to select a different limit for each mandatory coverage. We are also introducing a loss cost for the new coverage option of a \$1,000 per tool sublimit.

Current Loss Costs associated with Contractors' Blanket Tools and Equipment Coverage are below.

Coverage	Loss Cost	
	\$2,000 Sublimit Option	\$500 Sublimit Option
The additional premium for Contractors Endorsement BP 07 01	\$ 69.50	\$ 65.00

Table 16.B.4.a.(3)(LC) Contractors' Installation, Tools And Equipment Coverage Endorsement Premium Determination

Note: Charges of \$49.50 and \$45 for the Tools and Equipment portion of the base coverage were assumed in the development of the current loss costs for the \$2,000 and \$500 sublimit options, respectively.

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 2.40
5,001 – 10,000	2.20
10,001 – 25,000	2.10
25,001 – 50,000	2.00
50,001 – 100,000	1.90

Table 16.B.4.c.(2)(a)(i)(LC) Tools And Equipment Coverage Optional Higher Limits Of Insurance Premium Determination – Blanket Basis (\$2,000 Sublimit For Any One Tool Or Piece Of Equipment)

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CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

CONTRACTORS'
BLANKET
TOOLS AND EQUIPMENT
COVERAGE
(Cont'd)

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 2.20
5,001 – 10,000	2.00
10,001 – 25,000	1.90
25,001 – 50,000	1.80
50,001 – 100,000	1.70

Table 16.B.4.c.(2)(b)(i)(LC) Tools And Equipment Coverage Optional Higher Limits Of Insurance Premium Determination – Blanket Basis (\$500 Sublimit For Any One Tool Or Piece Of Equipment)

Revised Loss Costs associated with Contractors' Blanket Tools and Equipment Coverage are below.

Coverage	Loss Cost		
	\$2,000 Sublimit Option	\$1,000 Sublimit Option	\$500 Sublimit Option
The loss cost (per \$100) for Contractors' Blanket Tools And Equipment	\$ 2.00	\$ 1.90	\$ 1.80

Table 16.B.4.a.(2)(c)(i)i.(LC) Contractors' Tools And Equipment Premium Determination – Blanket Basis

Tables C1 and C2 show the percentage changes from the current loss costs to revised loss costs for Contractors' Blanket Tools and Equipment Coverage at various amount of insurance for the existing \$2,000 and \$500 per tool sublimit options, respectively.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

REVISED LOSS COSTS

TABLE C1
CONTRACTORS' BLANKET TOOLS AND EQUIPMENT LOSS COST CHANGES
\$2,000 SUBLIMIT OPTION

<u>Amount of Insurance</u>	<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3,000	\$49.50	\$60.00	+21.2%
\$5,000	\$97.50	\$100.00	+2.6%
\$7,500	\$158.00	\$150.00	-4.8%
\$10,000	\$213.50	\$200.00	-6.3%
\$15,000	\$321.50	\$300.00	-6.7%
\$20,000	\$426.50	\$400.00	-6.2%
\$25,000	\$531.50	\$500.00	-5.9%
\$35,000	\$734.50	\$700.00	-4.7%
\$50,000	\$1,034.50	\$1,000.00	-3.3%
\$75,000	\$1,512.50	\$1,500.00	-0.8%
\$100,000	\$1,987.50	\$2,000.00	+0.6%

TABLE C2
CONTRACTORS' BLANKET TOOLS AND EQUIPMENT LOSS COST CHANGES
\$500 SUBLIMIT OPTION

<u>Amount of Insurance</u>	<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3,000	\$45.00	\$54.00	+20.0%
\$5,000	\$89.00	\$90.00	+1.1%
\$7,500	\$144.00	\$135.00	-6.3%
\$10,000	\$195.00	\$180.00	-7.7%
\$15,000	\$293.00	\$270.00	-7.8%
\$20,000	\$388.00	\$360.00	-7.2%
\$25,000	\$483.00	\$450.00	-6.8%
\$35,000	\$666.00	\$630.00	-5.4%
\$50,000	\$936.00	\$900.00	-3.8%
\$75,000	\$1,364.00	\$1,350.00	-1.0%
\$100,000	\$1,789.00	\$1,800.00	+0.6%

Example calculations for the \$10,000 Amount of Insurance, \$500 Sublimit option:

Current Loss Cost: $\$45.00 + \$5000/100 * \$2.20 + \$2000/100 * \$2.00 = \195.00

Revised Loss Cost: $\$10,000/100 * \$1.80 = \$180.00$

Change: $\$195.00 / \$180.00 = -7.7\%$

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

CONTRACTORS'
NON-OWNED
TOOLS AND EQUIPMENT
COVERAGE

Currently, the Non-owned Tools and Equipment Loss Costs are given by Amount of Insurance range. We are filing one loss cost for this coverage that applies per \$100 of Amount of Insurance.

Current Loss Costs associated with Contractors' Non-owned Tools and Equipment Coverage are below.

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 1.40
5,001 – 10,000	1.25
10,001 – 25,000	1.20
25,001 – 50,000	1.15
50,001 – 100,000	1.10

Table 16.B.4.b.(1)(b)(i)(LC) Non-owned Tools And Equipment Premium Determination

The **Revised** Loss Cost associated with Contractors' Non-owned Tools and Equipment Coverage per \$100 of Amount of Insurance is below.

Loss Cost	
The additional loss cost (per \$100) for Non-owned Tools And Equipment	\$ 1.20

Table 16.B.4.b.(1)(b)(i)(LC) Non-owned Tools And Equipment Premium Determination

Table D shows the percentage changes from the current loss costs to revised loss costs for Contractors' Non-owned Tools and Equipment Coverage at various amounts of insurance.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

TABLE D
CONTRACTORS' NON-OWNED TOOLS AND EQUIPMENT LOSS COST CHANGES

<u>Amount of Insurance</u>	<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3,000	\$42.00	\$36.00	-14.3%
\$5,000	\$70.00	\$60.00	-14.3%
\$7,500	\$101.25	\$90.00	-11.1%
\$10,000	\$132.50	\$120.00	-9.4%
\$15,000	\$192.50	\$180.00	-6.5%
\$20,000	\$252.50	\$240.00	-5.0%
\$25,000	\$312.50	\$300.00	-4.0%
\$35,000	\$427.50	\$420.00	-1.8%
\$50,000	\$600.00	\$600.00	0.0%
\$75,000	\$875.00	\$900.00	+2.9%
\$100,000	\$1,150.00	\$1,200.00	+4.3%

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

CONTRACTORS'
EMPLOYEES'
TOOLS
COVERAGE

The **Current** Loss Cost associated with Contractors' Employees' Tools Coverage is below.

Loss Cost	
The additional loss cost (per \$100) for Employees' Tools	\$ 3.30

Table 16.B.4.b.(2)(b)(i)(LC) Employees' Tools Premium Determination

The **Revised** Loss Cost associated with Contractors' Employees' Tools Coverage per \$100 of Amount of Insurance is below.

Loss Cost	
The additional loss cost (per \$100) for Employees' Tools	\$ 2.00

Table 16.B.4.b.(2)(b)(i)(LC) Employees' Tools Premium Determination

Table E shows the percentage change from the current loss cost to the revised loss cost for Contractors' Employees' Tools Coverage.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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REVISED LOSS COSTS

TABLE E
CONTRACTORS' EMPLOYEES' TOOLS AND EQUIPMENT LOSS COST CHANGES

<u>Current Loss Cost</u>	<u>Revised Loss Cost</u>	<u>Change</u>
\$3.30	\$2.00	-39.4%

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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SUPPORT FOR REVISED LOSS COSTS

SECTION B – SUPPORT FOR REVISED LOSS COSTS

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BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

SUPPORT FOR REVISED LOSS COSTS

OVERVIEW

The revised loss costs were determined using ten years of countrywide Commercial Inland Marine data ending 12/31/2017 for the Installation Floater and Contractors Equipment — All Other classifications.

Businessowners Contractors endorsement data ending 12/31/2017 from the Installation, Tools and Equipment, and combined Installation & Tools and Equipment coverages was used to derive both coverage relativity factors and various adjustments to ensure the appropriateness of the loss costs for Businessowners risks, as described below.

CONTRACTORS'
INSTALLATION
COVERAGE

We utilized Commercial Inland Marine data as the basis for the revised loss cost in order to provide a more credible body of experience and to better align the expected perils with the forms revisions filed in companion filing BP-2019-OMITF.

We first calculated loss costs for the Commercial Inland Marine Installation Floater capped at various limits of insurance. The denominator in the calculated loss cost for each of the selected limits was the product of earned risk times the limit, in order to appropriately adjust the exposures for each corresponding loss cap. In order to better reflect the size of risks expected in Businessowners, we then scaled down the calculated loss costs using severity ratios derived from comparing ten years of Commercial Inland Marine and Businessowners endorsement data. Finally, we took an average of the scaled loss costs, weighted on a distribution of Businessowners exposures.

Loss trend and loss adjustment expense loadings were applied to the data by type of loss group in accordance with our standard experience review methods and selections for the 2018 Businessowners loss cost level reviews. For more information on the derivation of these factors, refer to Section C of the BP-2018-RLA1 filings. The selected internal trend and loss adjustment expense factors are summarized in the table below.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

FILING BP-2019-RMITL

SUPPORT FOR REVISED LOSS COSTS

CONTRACTORS'
INSTALLATION
COVERAGE
(Cont'd)

Type of Loss Group	Internal Contents Severity Trend Selection	Internal Contents Frequency Trend Selection	Loss Adjustment Expense Factor Selection
Fire	+6.0%	-2.5%	1.100
Extended Coverage	+3.0%	N/A	1.125
All Other Property	+4.5%	N/A	1.125
Burglary	+4.0%	-4.0%	1.210

The indicated loss cost based on Commercial Inland Marine data with the adjustments above was \$0.705.

A loading factor of 1.10 was selected to reflect the broadening of coverage to include trees, grass, sod, shrubbery, or plants in the companion forms revision BP-2019-OMITF. This factor was selected from an analysis comparing historical Businessowners Outdoor Property endorsement and Contractors endorsement loss ratios, and adjusting for the portion of Contractors endorsement data written by landscaping classes. The resulting indicated loss cost is $\$0.705 \times 1.10 = \0.775 .

The selected loss cost is \$0.75.

CONTRACTORS'
SCHEDULED
TOOLS AND EQUIPMENT
COVERAGE

The methodology for deriving the Scheduled Contractors' Tools and Equipment loss cost was identical to that described above for Contractors' Installation, with the exception of the loading factor for trees, grass, sod, shrubbery, or plants, which is not applicable to this coverage.

The Contractors Equipment -- All Other classification was selected from the Commercial Inland Marine experience as it was the most appropriate to small business contractors from the Commercial Inland Marine statistical options: Logging Equipment, Strip Mining, Underground Mining, and All Other.

The indicated loss cost as a result of this analysis was \$1.11. The selected loss cost is \$1.10.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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SUPPORT FOR REVISED LOSS COSTS

CONTRACTORS'
BLANKET
TOOLS AND EQUIPMENT
COVERAGE

The loss costs for Contractors' Tools and Equipment on a blanket basis for \$500, \$1,000 and \$2,000 per tool sublimits were derived from the revised Scheduled Contractors' Tools and Equipment loss cost and selected coverage relativities. The relativities for \$500 and \$2,000 per tool limits were selected after analyzing loss ratios for ten years of Businessowners Tools and Equipment data for the blanket and scheduled coverages. The ratio for a \$1,000 per tool sublimit was judgmentally selected based on the selected Blanket \$2,000 to Blanket \$500 ratio. These selections and the resulting loss costs are summarized in the table below.

Tools Coverage Loss Costs Relativity	Selected Factor	Loss Cost Calculation	Selected Loss Cost
Blanket \$500 / Scheduled	1.65	$\$1.10 * 1.65 = \1.82	\$1.80
Blanket \$1000 / Blanket \$500	1.05	$\$1.82 * 1.05 = \1.91	\$1.90
Blanket \$2000 / Blanket \$500	1.10	$\$1.82 * 1.10 = \2.00	\$2.00

Companion forms filing BP-2019-OMITF introduces an actual cash value loss settlement option for this coverage. The corresponding rating factor introduced in rules filing BP-2019-RMITR was derived from the factor for the Personal Property Replacement Cost Loss Settlement endorsement in ISO's Homeowners program due to the similar nature of the property being covered. A factor of 0.87 was selected as the inverse of the 1.15 charge to move from the actual cash value loss settlement for Personal Property in the base policy to a replacement cost coverage provision.

CONTRACTORS'
NON-OWNED
TOOLS AND EQUIPMENT
COVERAGE

The Non-owned Tools and Equipment loss costs were calculated from the selected Scheduled Tools and Equipment loss costs and a judgmentally selected factors of 1.10 to reflect the increased morale hazard that arises from non-ownership.

Loss Cost Calculation: $\$1.10 * 1.10 = \1.21

Selected Loss Cost: \$1.20

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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SUPPORT FOR REVISED LOSS COSTS

CONTRACTORS'
EMPLOYEES'
TOOLS
COVERAGE

The Employees' Tools and Equipment loss cost was calculated from the selected Blanket Tools and Equipment loss cost with a \$1,000 per tool sublimit and a judgmentally selected factor of 1.05 to reflect the increased potential for moral hazard.

Loss Cost Calculation: $\$1.90 * 1.05 = \2.00
Selected Loss Cost: \$2.00

INSURANCE SERVICES OFFICE, INC.

BUSINESSOWNERS
CONTRACTORS' INSTALLATION, TOOLS AND EQUIPMENT COVERAGE
ADVISORY PROSPECTIVE LOSS COSTS

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MULTISTATE LOSS COSTS

SECTION C – MULTISTATE LOSS COSTS

Multistate Loss Costs C-2-4

16. MANDATORY FORMS, COVERAGE AND LIMITS

Coverage	Loss Cost	
	\$2,000 Sublimit Option	\$500 Sublimit Option
The additional premium for Contractors Endorsement BP 07-04	\$ 60.50	\$ 65.00

~~Table 16.B.4.a.(3)(LC) Contractors' Installation, Tools And Equipment Coverage Endorsement Premium Determination~~

Loss Cost	
Loss cost (per \$100) for Contractors' Installation	\$ 0.75

Table 16.B.4.a.(1)(b)(i)(LC) Contractors' Installation Premium Determination

Coverage	Loss Cost		
	\$2,000 Sublimit Option	\$1,000 Sublimit Option	\$500 Sublimit Option
Loss cost (per \$100) for Contractors' Blanket Tools And Equipment	\$ 2.00	\$ 1.90	\$ 1.80

Table 16.B.4.a.(2)(c)(i)(LC) Contractors' Tools And Equipment Premium Determination – Blanket Basis

Loss Cost	
Loss cost (per \$100) for Contractors' Scheduled Tools And Equipment	\$ 1.10

Table 16.B.4.a.(2)(c)(ii)(LC) Contractors' Tools And Equipment Premium Determination – Scheduled Basis

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 1.40
5,001 – 10,000	1.25
10,001 – 25,000	1.20
25,001 – 50,000	1.15
50,001 – 100,000	1.10

Loss Cost	
Additional loss cost (per \$100) for Non-owned Tools And Equipment	\$ 1.20

Table 16.B.4.b.(1)(b)(i)(LC) Non-owned Tools And Equipment Premium Determination

Loss Cost	
The aAdditional loss cost (per \$100) for Employees' Tools	\$ 3.302.00

Table 16.B.4.b.(2)(b)(i)(LC) Employees' Tools Premium Determination

Limit Of Insurance For Property At Each Covered Job Site	Limit Of Insurance For Property At All Covered Job Sites	Loss Cost
\$ 5,000	\$ 15,000	\$ 70
10,000	30,000	125
15,000	45,000	160
20,000	60,000	185
25,000	75,000	205

Table 16.B.4.c.(1)(LC) Contractors' Installation Coverage Optional Higher Limits Of Insurance Premium Determination

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 2.40
5,001 – 10,000	2.20
10,001 – 25,000	2.10
25,001 – 50,000	2.00
50,001 – 100,000	1.90

Table 16.B.4.c.(2)(a)(i)(LC) Tools And Equipment Coverage Optional Higher Limits Of Insurance Premium Determination – Blanket Basis (\$2,000 Sublimit For Any One Tool Or Piece Of Equipment)

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 2.20
5,001 – 10,000	2.00
10,001 – 25,000	1.90
25,001 – 50,000	1.80
50,001 – 100,000	1.70

Table 16.B.4.c.(2)(b)(i)(LC) Tools And Equipment Coverage Optional Higher Limits Of Insurance Premium Determination – Blanket Basis (\$500 Sublimit For Any One Tool Or Piece Of Equipment)

Limit Of Insurance	Loss Cost (Per \$100)
\$ 0 – 5,000	\$ 1.15
5,001 – 10,000	1.05
10,001 – 25,000	1.00
25,001 – 50,000	0.95
50,001 – 100,000	0.90

Table 16.B.4.c.(2)(c)(i)(LC) Scheduled Tools And Equipment Coverage Premium Determination

Per Guest Limit Of Insurance	Per Occurrence Limit Of Insurance	Loss Cost
\$ 2,000	\$ 50,000	\$ 7.05
3,000	75,000	14.10
4,000	100,000	21.15

Table 16.B.5.c.(LC) Optional Higher Limits For Guests' Property Premium Determination

Loss Cost

The additional loss cost (per \$100) for Customers' Goods Legal Liability Coverage Optional Higher Limits	\$ 0.131
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Table 16.B.7.c.(LC) Customers' Goods Legal Liability Optional Higher Limits Premium Determination