



NOTICE OF EFFECTIVE FILING

TO: ISO
DATE: October 7, 2020
FROM: Angel Manus
PHONE: 770-671-2353

PROGRAM: ISO COMMERCIAL PROPERTY

ISO CIRCULAR: LI-CF-2016-028

ISO REFERENCE FILING NUMBER: CF-2015-RLC1; CF-2015-RRU1

CONTENTS: Commercial Property-Non-Residential Program

INCLUDED(if applicable) ☒ Company Exception Page_LCM ☐ Company Exception Page_ELRL

STATE: Florida

EFFECTIVE DATE: February 1, 2021

MODIFICATIONS: None

COMMENTS: None

COMPANY(IES) EFFECTIVE:

- ☐ AIU INSURANCE COMPANY
- ☐ AMERICAN HOME ASSURANCE COMPANY
- ☐ AIG ASSURANCE COMPANY
- ☐ AIG PROPERTY CASUALTY COMPANY
- ☐ COMMERCE AND INDUSTRY INSURANCE COMPANY
- ☒ GRANITE STATE INSURANCE COMPANY
- ☒ ILLINOIS NATIONAL INSURANCE CO.
- ☐ NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
- ☒ NEW HAMPSHIRE INSURANCE COMPANY
- ☐ THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA

FILING NUMBER: ISO-FL-20-CP-01

AIG Property Casualty
State Filings Division
12 Metrotech Center, 27th Floor
Brooklyn, NY 11201



OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES
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ATTORNEY GENERAL

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COMMISSIONER OF
AGRICULTURE

DAVID ALTMAIER
COMMISSIONER

October 7, 2020

Ms. Angel Manus
Manager
Granite State Insurance Company
3650 Brookside Pkwy
Alpharetta, GA 30022

RE: NEW HAMPSHIRE INSURANCE COMPANY
ILLINOIS NATIONAL INSURANCE COMPANY
GRANITE STATE INSURANCE COMPANY
Property / Commercial Non-Residential (010 + 01.0001FLC)
Company File Number: ISO-FL-20-CP-01
OIR File Number: FCC 20-023302
PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Ms. Manus:

This is to acknowledge receipt of your notice of changes to the rates for the above-referenced line of business, filed pursuant to Section 627.062(3)(d) of Florida Statutes. Attached for your records is a copy of the original cover letter and a set of manual pages stamped "ACKNOWLEDGED" for the above referenced filing.

Our records indicate that this filing is effective 2/1/2021 for new business and 2/1/2021 for renewal business.

It is a company's responsibility to comply with all applicable statutes and rules.

Please verify that these pages are the final printed manual pages intended for use with this filing and that the effective dates noted above are correct. **If we do not hear from you within the next 10 days, we will assume that you have received a stamped copy of all manual pages applicable to this filing and that the effective dates are correct.**

Sincerely,

Office of Insurance Regulation

Florida Office of Insurance Regulation

I-File Workflow System

Filing Number: 20-023302

Request Type: Stamped Only



ACKNOWLEDGED
Date Received: 09/29/2020 Date Of Action: 10/07/2020
FL OFFICE OF INSURANCE REGULATION

AIG Property Casualty Law
Department
80 Pine Street
13th Floor
New York, NY 10005
www.aig.com

Jennifer R. Stonitsch
Associate General Counsel
T 718 250 1731
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jennifer.stonitsch@aig.com

September 29, 2020

Florida Office of Insurance Regulation
Mr. David Altmaier, Commissioner
Bureau of Property & Casualty Forms/Rates
200 East Gaines Street
Tallahassee, Florida 32399-0330

**RE: American International Group (AIG)
Property – Commercial Non-Residential Program
Rate and Rule Filing**

Dear Mr. Altmaier:

The enclosed filing is being re-submitted with an effective date of November 2, 2020 for new business and renewal business. The filing was previously submitted under Florida OIR number 20-017684. AIG's Commercial Property program follows ISO's rates and rules with only two exceptions as noted below. With this filing, AIG is proposing to do the following:

- File the rates and rules in the Property line of business. It is our understanding that this is the appropriate line of business to submit rates and rules for this program.
- Update the rates and rules to follow ISO's most recent 2015 loss costs and rules. These have been filed with Florida as:
 - CF-2015-RLC1
 - CF-2015-RRU1
- Update the loss cost multipliers (LCMs) associated with this program to better reflect the current expenses and experience.

We estimate the changes in loss costs and LCM will result in an overall +23.6% increase in premium for Non-Residential policies.

The manual pages for this program are ISO's state manual with following exceptions:

Underwriting Rules Including Company Selection Guidelines – Florida: Pages CS-1 through CS-3 – These show the selection criteria used to place a policy in a Superior, Standard, or Substandard company along with rules addressing the following:

1. Florida Exception Rule



ACKNOWLEDGED
Date Received: 09/29/2020 Date Of Action: 10/07/2020
FL OFFICE OF INSURANCE REGULATION

2. Minimum Premium
3. Waiver of Additional Premium
4. Waiver of Return Premium
5. Florida Exception to Rule A12
6. Payment Plans

Loss Cost Multipliers: Page LCM-1 – This page shows the selected LCM for each company in the program along with the discount factor applied to Ex-Wind policies.

Discussion – A few notes on the filing:

Companies – The Commercial Non-Residential program consists of 3 companies:

- Granite State Insurance Company (Standard)
- Illinois National Insurance Co. (Substandard)
- New Hampshire Insurance Company (Superior)

LCM – The structure of the LCM has been discussed previously with the Office of Insurance Regulation (OIR) and we would note the following:

- AIG's system is only able to apply a single LCM to each company. In particular, AIG cannot split the LCM between the Wind and AOP components (or BGI and BGII components) of premium.
- However, the LCM change from the prior is based on the change in commission expense and loss experience and does not include an explicit adjustment for reinsurance costs. Therefore, having a single LCM applied to all components is appropriate for AIG. A discount factor will be applied to the LCM for Ex-wind policies.
- The criteria in the company placement guidelines excludes catastrophe, weather, and other acts of god claims. The deviations in the Superior and Substandard LCMs do not reflect any differences with respect to these perils. The single LCM reflects the average impact of the placement criteria on the total premium. The deviations would be significantly larger if just applied to BGI.

Please contact me at (347) 882-5955 if you would like to discuss this filing. Thank you for your assistance.

Sincerely,

Jennifer R. Stonitsch

Florida Office of Insurance Regulation

I-File Workflow System

Filing Number: 20-023302

Request Type: Stamped Only

FOR INFORMATIONAL PURPOSES ONLY

From: [Garrett, Nigel](#)
To: [PCFREDMS](#)
Cc: [Cheng, Peggy](#)

Date Received: 09/29/2020
Date Of Action: 10/13/2020
FL OFFICE OF INSURANCE REGULATION

Subject: FW: FLOIR [RE: Company Filing Number ISO-FL-20-CP-01, FL Filing Number 20-023302]
Date: Tuesday, October 13, 2020 11:51:24 AM
Attachments: [Florida Property LCM Exception Page \(10.13.20\)\(revised to reflect 2.1.21 eff date\).pdf](#)
[Underwriting Rules Including Company Placement Guidelines - Commercial Non-residential \(10.13.20\).pdf](#)

Please attached email and documents into related filing.

Nigel

[External Email](#)

Thank you for the Department's review and "Acknowledgement" of this filing. Due to system constraints, the Companies requested an effective date of February 1, 2021, which is the effective date noted in the Department's letter. We would like to revise the Underwriting Rules and Company Exception LCM Page to reflect the 2/1/2021 effective date.

The revised documents are attached.

Thank you.

Respectfully,

Ms. Angel Manus
Manager, State Filings Division
Tel 1 770 671 2353 | Mobile 470-495-2643

From: FL Office of Insurance Regulation <Nigel.Garrett@floir.com>
Sent: Wednesday, October 7, 2020 4:01 PM
To: Manus, Angel G <Angel.Manus@aig.com>
Cc: Tanner, Milinda <Milinda.Tanner@aig.com>
Subject: [EXTERNAL] FLOIR [RE: Company Filing Number ISO-FL-20-CP-01, FL Filing Number 20-023302]

This message is from an external sender; be cautious with links and attachments.

The stamped documents for this filing will be sent by separate email to:

angel.manus@aig.com
milinda.tanner@aig.com

Please see the attached Acknowledgement Letter.

This is not an approval but to acknowledge that this filing was filed under Section 627.062(3)(d), F.S.

Sincerely,

FOR INFORMATIONAL PURPOSES ONLY

Florida Office of Insurance Regulation

Date Received: **09/29/2020** Date Of Action: **10/13/2020**

External Email: Please do not click on links or attachments unless you know the contents. **FL OFFICE OF INSURANCE REGULATION**

ACKNOWLEDGED

Date Received: 09/29/2020 Date Of Action: 10/13/2020

FL OFFICE OF INSURANCE REGULATION

Granite State Insurance Company

Illinois National Insurance Co.

New Hampshire Insurance Company

Florida – Commercial Fire & Allied Lines – Non Residential Risks**Company Exception Page – Loss Cost Multipliers****Effective February 1, 2021**

To calculate Fire & Allied rates by company, multiply loss costs* by the appropriate factor listed below:

Company	Loss Cost Multiplier
Granite State Insurance Company	2.015
Illinois National Insurance Co.	2.317
New Hampshire Insurance Company	1.813

*The loss costs against which the LCMs are applied are set forth in ISO CF-2015 and CF-2015-RRU1.

Discount Factor Applied to Ex-Wind Policies

The same Company Loss Cost Multiplier is applied to wind and ex-wind policies. To account for the differences in the cost of reinsurance, a factor of .99 is applied to ex-wind policies.

Underwriting Guidelines

Commercial Property Non-Residential

Florida

I. Company Selection Guidelines

A. Non-Residential Commercial Risks – may be written by the following companies pursuant to the Underwriting Company Tiered Pricing and Company Placement Criteria:

Underwriting Company Tiered Pricing	
Underwriting Criteria	Underwriting Companies
Must meet the superior Wind Mitigation criteria and at least two other criteria rated Superior	New Hampshire Insurance Company
Must meet the standard Wind Mitigation criteria and at least three other criteria rated Standard or better	Granite State Insurance Company
Must meet the substandard Wind Mitigation Criteria and at least two or more other criteria rated Substandard	Illinois National Insurance Co.
When there is a tie on the number of other criteria on the Company Placement in the above Tier Pricing Table the Wind Mitigation Criteria will be used in the determination of the selection of the Company.	

Note:

1. All risks with wind coverage must attest to a satisfactory inspection on the property on the roof and wind mitigation features before allowing the Underwriting Company Tiered Pricing criteria to be applied. Without this attestation the risk will be placed in the Substandard Company.
2. For risks that opt to exclude wind coverage, the Wind Mitigation criteria would not be applicable in the Underwriting Company Tiered Pricing Placement.

Underwriting Company Placement Criteria (Note: All risks that attest to a satisfactory inspection on the property on the roof and wind mitigation features before allowing the rating to be applied to the hurricane/wind/hail loss costs, i.e. BG2 loss costs)			
Criteria	Superior	Standard	Substandard
Account Size	<ul style="list-style-type: none"> Estimated manual property policy premium is equal to or greater than \$12,000 	<ul style="list-style-type: none"> Property premium more than \$1,000 and less than \$12,000 	<ul style="list-style-type: none"> Estimated manual property policy premium less than \$1,000 (not eligible for IRPM/Schedule Rating)
Years in Business (any bankruptcy eliminates this criteria from consideration)	<ul style="list-style-type: none"> At least 5 years in business within the same industry or the management team has a minimum of 5 years of experience within the same industry 	<ul style="list-style-type: none"> At least 3 years but less than 5 years 	<ul style="list-style-type: none"> Less than 3 years
Financial Strength	<ul style="list-style-type: none"> Financial indicators based on D&B report Score of 1 - 2 	<ul style="list-style-type: none"> Financial indicators based on D&B report Score 3 - 4 	<ul style="list-style-type: none"> Financial indicators based on D&B report Score 5, 0 or not available
Loss Experience (Excludes all catastrophic losses including hurricane, wind/hail, weather and other acts of god)	<ul style="list-style-type: none"> Better than average loss experience with loss ratio being equal to or less than 25% 5 or more years of loss history available 	<ul style="list-style-type: none"> Loss experience greater than or equal 25% or less than 75% At least 3 years, but less than 5 years of loss history available 	<ul style="list-style-type: none"> Loss experience greater than 75% Less than 3 years of loss history available
Wind Mitigation (mandatory criteria for policies with Wind Coverage)	<ul style="list-style-type: none"> Roofs are 5 years old or less 	<ul style="list-style-type: none"> Roofs are between 6 years and 20 years old 	<ul style="list-style-type: none"> Roofs are 21 years or older

- II. **Florida ISO Eligibility Exception Rule** - Commercial Residential Risk, defined by Section 627.4025(1), F.S., including but not limited to residential condo associations, apartments, homeowners associations, mobile homeowners associations, assisted living facilities, residential dwellings, dormitory/fraternity/sorority, parsonage/monastery/nunnery/convent, group homes, continue care retirement community, and certain nursing homes, etc. will not be eligible for coverage for commercial property program.
- III. **Minimum Premium** – The Companies will charge a minimum premium of \$100.00. To the extent such minimum premium is charged, the policy must state “minimum premium policy”
- IV. **Waiver of Additional Premium** – Any additional premium of \$25.00 or less will be waived.
- V. **Waiver of Return Premium** - No amount of return premium shall be waived.
- VI. **Florida Exception to Rule A12 – Sinkhole Coverage Underwriting/Insurability Guideline and Inspection** – The Companies provide catastrophic ground cover collapse on all policies by way of ISO’s Florida amendatory endorsement. The Companies provide Sinkhole Loss coverage to all insureds who request it.
- VII. **Payment Plans** – The Companies offer the following installment payment plans (Note the last payment will adjust for any remaining amount):
- Semi-annual installments
 - 12 equal monthly installments
 - 10% Deposit with the remainder paid over 9 equal payments
 - 15% Deposit with the remainder paid over 9 equal payments
 - 17% Deposit with the remainder paid over 9 equal payments
 - 20% Deposit with the remainder paid over 9 equal payments
 - 25% Deposit with the remainder paid over 8 or 9 equal payments
 - 35% Deposit with the remainder paid over 3 quarters
 - 40% Deposit with the remainder paid over 3 quarters

Note: Where direct bill has been selected, an installment fee of \$3.00 per installment is imposed for any of the above installment payment plans.