81. DEDUCTIBLE INSURANCE PLAN

Paragraph **C.1.** is replaced by the following:

C. Rules

**1.** The deductible amounts under this Plan are fixed dollar amount deductibles applying on an occurrence basis to all eligible covered property. (For Windstorm Or Hail or Named Storm percentage deductibles, refer to Rule **82.** in these state exceptions.)

Paragraphs **E.2.** and **E.4.** are replaced by the following:

E. Rate Modification

2. Rate Modification

**a.** Multiply the rates contemplating a base deductible of not more than $500 by the factorsin Table **81.E.4.**

**b.** Do not apply the factors to the rates for any form contemplating a base deductible equal to or exceeding the amount of the deductible desired under this Plan.

**c.** When the base deductible amount exceeds $500, unless otherwise provided, increase the deductible factorfrom Table **81.E.4.** by one half of the difference between 1.00 and the factor.

4. Factors For Deductible Coverage

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | | | | | | | | |  | Deductible Credit Factors | | |
|  | Total Amount Of Insurance At Each Location | | | | | | | | | | | Deductible | Basic Group I | Basic Group II | Other Causes Of Loss |
|  |  | More than $250,000 | | | | | | | | | | **$1,000** | .99 | .96 | .96 |
|  | 100,001 – | | | | | | 250,000 | | | | |  | .97 | .93 | .93 |
|  | 50,001 – | | | | | | 100,000 | | | | |  | .96 | .92 | .92 |
|  |  | | | | 50,000 or Less | | | | | | |  | .94 | .89 | .89 |
|  |  | More than $500,000 | | | | | | | | | | **$2,500** | .96 | .89 | .89 |
|  | 250,001 – | | | | | | 500,000 | | | | |  | .93 | .82 | .82 |
|  | 100,001 – | | | | | | 250,000 | | | | |  | .90 | .79 | .79 |
|  |  | | 100,000 or Less | | | | | | | | |  | .84 | .71 | .71 |
|  |  | More than $1,000,000 | | | | | | | | | | **$5,000** | .95 | .84 | .84 |
|  | 500,001 – | | | | | | 1,000,000 | | | | |  | .90 | .74 | .74 |
|  | 250,001 – | | | | | |  | 500,000 | | | |  | .87 | .69 | .69 |
|  |  | 250,000 or Less | | | | | | | | | |  | .79 | .59 | .59 |
|  |  | More than $5,000,000 | | | | | | | | | | **$10,000** | .94 | .81 | .81 |
|  | 1,000,001 – | | | | | | | 5,000,000 | | | |  | .89 | .69 | .69 |
|  | 500,001 – | | | | | | | 1,000,000 | | | |  | .83 | .60 | .60 |
|  | 250,001 – | | | | | | |  | | 500,000 | |  | .78 | .54 | .54 |
|  |  | | | | | 250,000 or Less | | | | | |  | .67 | .44 | .44 |
|  |  | More than $10,000,000 | | | | | | | | | | **$25,000** | .93 | .71 | .71 |
|  | 5,000,001 – | | | | | | | 10,000,000 | | | |  | .87 | .60 | .60 |
|  | 1,000,001 – | | | | | | |  | | | 5,000,000 |  | .81 | .52 | .52 |
|  | 500,001 – | | | | | | |  | 1,000,000 | | |  | .71 | .42 | .42 |
|  |  | | | | | 500,000 or Less | | | | | |  | .60 | .32 | .32 |
|  |  | More than $10,000,000 | | | | | | | | | | **$50,000** | .90 | .60 | .60 |
|  | 5,500,001 – | | | | | | | 10,000,000 | | | |  | .81 | .48 | .48 |
|  | 3,500,001 – | | | | | | |  | 5,500,000 | | |  | .77 | .44 | .44 |
|  | 1,000,001 – | | | | | | |  | 3,500,000 | | |  | .72 | .39 | .39 |
|  |  | | | 1,000,000 or Less | | | | | | | |  | .53 | .27 | .27 |
|  |  | More than $10,000,000 | | | | | | | | | | **$75,000** | .87 | .54 | .54 |
|  | 5,500,001 – | | | | | | | 10,000,000 | | | |  | .77 | .42 | .42 |
|  | 3,500,001 – | | | | | | |  | 5,500,000 | | |  | .73 | .38 | .38 |
|  | 1,000,001 – | | | | | | |  | 3,500,000 | | |  | .66 | .33 | .33 |
|  |  | | | 1,000,000 or Less | | | | | | | |  | .50 | .25 | .25 |

Table 81.E.4. Factors For Deductible Coverage



82. PERCENTAGE DEDUCTIBLES

The title of Rule **82.** Windstorm Or Hail Percentage Deductibles is replaced by the preceding title.

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

D. Rate Modification

Refer to company.

The following is added to Rule **82.:**

F. Optional Named Storm Percentage Deductibles

1. Description

a. Percentage Deductibles – Named Storm

The following Named Storm deductibles may be used at the insuring company's option:

**(1)** 1% Deductible

**(2)** 2% Deductible

**(3)** 5% Deductible

The Named Storm Percentage Deductible applies only to loss or damage caused by a Named Storm. Loss or damage caused by a windstorm which is not a Named Storm is subject to the deductible that applies to fire, unless a different deductible is stated in the policy.

b. Specific Insurance

The dollar amount of the deductible will be equal to 1%, 2% or 5% of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

c. Blanket Insurance

The dollar amount of the deductible will be equal to 1%, 2% or 5% of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with the company.

d. Value Reporting Forms And Builders Risk Insurance

For value reporting forms, the calculation of the deductible amount is based on reported values. There are variations for the situation where loss occurs prior to the first report, and for reports of value which show less than full values. If coverage is written blanket under a reporting form, the basis of the calculation is value at time of loss.

For builders risk insurance, the calculation of the deductible amount is based on value at time of loss.

2. Form

Use Named Storm Percentage Deductible Form CP 03 25**.**

3. Rules

**a.** The Named Storm percentage deductible applies whenever there is an occurrence of Named Storm.

**b.** The Named Storm deductible is calculated separately for, and applies separately to:

**(1)** Each building that sustains loss or damage;

**(2)** The personal property at each building at which there is loss or damage to personal property; and

**(3)** Personal property in the open.

**c.** The Statement of Values for a blanket policy should contain sufficient detail – value of each building, value of personal property at each building, value of personal property in the open – to complement the procedure set forth in the Named Storm Percentage Deductible endorsement.

**d.** Percentage deductibles may vary by location. At a location all covered property must be written using the same percentage deductible.

**e.** If some property at a location is written under a blanket limit of insurance and other property at the same location is written under a specific limit of insurance, all covered property at that location must be written using the same percentage deductible.

**f.** When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

4. Rate Modification

When a separate Named Storm deductible is written, develop the Basic Group II rate modification in accordance with either Paragraph **F.4.a.** or **F.4.b.**

**a.** Use the following calculation when the deductible for other Basic Group II perils is $500:

Select a deductible credit factor from Table **82.F.4.** based on the amount of the Named Storm Deductible. Apply that factor to the Basic Group II rate.

Make no other modification to the Basic Group II rate for deductible purposes.

**b.** Use the following calculation when the deductible for other Basic Group II perils is more than $500:

Step 1: Select a Basic Group II deductible credit factor from Table **81.E.4.** based on the amount of the deductible applicable to Basic Group II perils other than Named Storm.

Step 2: Add 1.00 to the factor determined in Step 1 and divide the result by 2 to determine the credit factor for Basic Group II losses other than Named Storm.

Step 3: Select a deductible credit factor for the Named Storm deductible from Table **82.F.4.**

Step 4: Add the factor from Step 3 to the factor determined in Step 2.

Step 5: Subtract 1.00 to determine the final Basic Group II deductible credit factor.

Step 6: Apply the result of Step 5 to the Basic Group II rate.

The adjusted Basic Group II rate recognizes the seasonal Named Storm deductible and the all-perils deductible applicable to windstorm losses during the off-season.

Make no other modification to the Basic Group II rate for deductible purposes.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Named Storm Deductible | Amount Of Insurance At Each Location | | | | Rate Modification Factor |
|  |  |  | $2,500,001 and Over | | | .76 |
|  |  | 1,000,001 – | | 2,500,000 |  | .82 |
|  | 1% | 250,001 – | | 1,000,000 |  | .87 |
|  |  | 100,001 – | | 250,000 |  | .94 |
|  |  | 100,000 | | | | .97 |
|  |  |  | | | |  |
|  |  |  | $2,500,001 and Over | | | .72 |
|  |  | 1,000,001 – | | 2,500,000 |  | .77 |
|  | 2% | 250,001 – | | 1,000,000 |  | .81 |
|  |  | 100,001 – | | 250,000 |  | .89 |
|  |  | 50,000 – | | 100,000 |  | .94 |
|  |  |  | |  |  |  |
|  |  |  | $2,500,001 and Over | | | .69 |
|  |  | 1,000,001 – | | 2,500,000 |  | .71 |
|  | 5% | 250,001 – | | 1,000,000 |  | .74 |
|  |  | 100,001 – | | 250,000 |  | .80 |
|  |  | 20,000 – | | 100,000 |  | .87 |

Table 82.F.4. Named Storm Rate Modification Factors

5. Ineligibility

a. Ineligible Properties

**(1)** Property rated under the Rating Plan for Highly Protected or Superior Risks.

**(2)** Classes of property not eligible for rating under the Named Storm Percentage Deductible Plan may be written in conjunction with eligible covered property, provided:

**(a)** The rate factors under the Named Storm Percentage Deductible Plan are not applied to the rates for ineligible property; and

**(b)** The Declarations or Schedule clearly states to which property the deductible applies.

b. Ineligible Coverage Forms

**(1)** Leasehold Interest

**(2)** Business Income

**(3)** Extra Expense

**(4)** Legal Liability

**(5)** Mortgageholders Errors and Omissions