

LOSS COSTS/RULES/FORMS – IMPLEMENTATION

SEPTEMBER 5, 2023

COMMERCIAL PROPERTY

LI-CF-2023-112

COMMERCIAL PROPERTY MULTISTATE EARTHQUAKE DEDUCTIBLE OPTIONS AND RELATED RULES AND LOSS COST REVISIONS TO BE IMPLEMENTED IN MONTANA

KEY MESSAGE

We are implementing flat-dollar deductible options for earthquake/volcanic eruption, multistate and state-specific earthquake rules and loss costs revisions.

Effective Date: 7/1/2024

Filing IDs: [CF-2023-ODEQF](#) (Forms), [CF-2023-RDEQR](#) (Rules) and [CF-2023-REQL1](#) (Loss Costs)

BACKGROUND

In circular:

- [LI-CF-2023-098](#), we announced the submission of forms filing CF-2023-ODEQF, introducing multistate flat-dollar deductible options for earthquake/volcanic eruption.
- [LI-CF-2023-099](#), we announced the submission of rules filing CF-2023-RDEQR which revises Commercial Property multistate rules to reflect various enhancements pertaining to Earthquake coverage and state-specific rules and territories as a result of a related review of Earthquake loss costs.
- [LI-CF-2023-100](#), we announced the submission of loss cost filing CF-2023-REQL1, providing loss costs for revised Building classes and Earthquake territories and revising the Earthquake Personal Property rating procedure.

INSURANCE DEPARTMENT ACTION

The Montana Department of Insurance has approved filing CF-2023-ODEQF and acknowledged filings CF-2023-RDEQR and CF-2023-REQL1 as filed.

EFFECTIVE DATE

Forms/Rules:

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

These changes are applicable to all policies written on or after July 1, 2024.

Loss Costs:

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

These changes are applicable to all policies written on or after July 1, 2024.

For loss costs, this effective date applies only to those insurers who have filed their Commercial Fire and Allied Lines loss cost adjustments to be automatically applicable to future ISO loss cost revisions.

COMPANY ACTION**Forms:**

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CF-2023-ODEQF, and SERFF Tracking Number ISOF-133753246, 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:

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CF-2023-RDEQR, and SERFF Tracking Number ISOF-133753164, 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:

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

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

In all correspondence with the Insurance Department on this revision, you should refer to ISO Reference Filing Number [CF-2023-REQL1](#), and SERFF Tracking Number ISOF-133753134, NOT this circular number.

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

RATING SOFTWARE IMPACT

Forms:

New attributes being introduced with this revision:

- Additional information will be required from the policyholder to complete a rating calculation.
- New edition dates of an existing form number are being introduced.
- New forms are being introduced.

Rules/Loss Costs:

New attributes being introduced with this revision:

- Additional information will be required from the policyholder to complete a rating calculation.
- A new code is being introduced.
- Current loss costs are being withdrawn.
- Factors are being introduced and revised.
- Current factors are being withdrawn.
- New calculations are being introduced.
- An existing rating formula is being rewritten.

IMPACT ON STATISTICAL REPORTING

Statistical Plan Holders circular [SP-EQ-2022-001](#), entitled "Earthquake Coding Established", dated August 16, 2022, announced the establishment of Earthquake (EQ) Revised Building Classifications and Construction Codes as well as the establishment of a Soft Story Indicator in the Earthquake module of the CSP and CSP-i.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2023-005](#) 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

Forms:

We will issue a Notice to Portfolioholders with an edition date of 07-24 (or the earliest possible subsequent date), along with any new and/or revised forms.

Rules/Loss Costs:

We will issue a Notice to Manualholders with an edition date of 07-24 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-CF-2023-100](#) (08/04/2023) Montana Commercial Property Earthquake Loss Cost Revision Being Filed
 - [LI-CF-2023-099](#) (08/04/2023) Commercial Property Earthquake Rules Revisions Being Submitted In Montana
 - [LI-CF-2023-098](#) (08/04/2023) New Commercial Property Multistate Earthquake Deductible Options Being Submitted In Montana
 - [LI-CL-2023-005](#) (02/21/2023) Commercial Lines Revised Lead Time Requirements Listing
 - [SP-EQ-2022-001](#) (08/16/2022) Earthquake Coding Established
 - [LI-CF-2018-114](#) (10/03/2018) Commercial Property Multistate Forms (edition 02 19) Available
-

COPYRIGHT EXPLANATION

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

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

IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multistate products and services. We do not distribute all the multistate products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Daniel Holt
Compliance & Product Services – Property
201-469-2557
property@verisk.com
Daniel.Holt@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

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