

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
FINE ART DEALERS**

RATING

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The following rating procedures are for fine art dealers coverage.

PREMIUM BASE

The premium base is the limit for each described premises. Unless otherwise indicated, all loads are expressed as annual loads per \$100 of the limit of insurance.

PREMIUM DETERMINATION

Each location should be separately rated.

Step 1

Basic Load

- a. Obtain the 100% coinsurance business personal property Group I (fire) rate and Group II (extended coverage) rate.
- b. Add the Group I (fire) rate to the Group II (extended coverage) rate.

Step 2

Special Perils Load -- Determine a special causes of loss (perils) load. The following risk features should be considered when determining a load:

- a. Theft potential
 - 1) average value of items is not high, premises protected by central station alarm
 - 2) average value of items is not high, premises not protected by central station alarm
 - 3) average value of items is moderately high to high, premises not protected by central station alarm
- b. Off-Premises exposures
 - 1) items not sent to exhibitions or potential buyer's home
 - 2) items occasionally sent to exhibitions or potential buyer's home
 - 3) items frequently sent to exhibitions or potential buyer's home

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- c. Transit exposures
 - 1) local shipments only, use of professional art transporters
 - 2) local and some out of town shipments, use of owned vehicle for local shipments and professional art transporters for out of town shipments
 - 3) local and many out of town shipments, use of owned vehicle for shipments

<u>Total Values</u>	<u>Load</u>
under \$250,000	.11 - .25
\$250,001 - \$500,000	.06 - .10
over \$500,000	.02 - .05

Step 3

Breakage Load -- If breakage coverage is provided, determine the breakage load. The following risk features should be considered when determining a load:

- a. display cases
 - 1) use of display cases for all high valued fragile items
 - 2) use of display cases for some high valued fragile items
 - 3) no use of display cases for high valued fragile items
- b. quantity of fragile objects
 - 1) less than 10% of stock consists of high valued fragile items
 - 2) 10% to 30% of stock consists of high valued fragile items
 - 3) 30% of stock consists of high valued fragile items
- c. packing
 - 1) all items for shipment packed by professional art packers
 - 2) high valued items packed by professional art packers, other items packed by staff
 - 3) all items packed by staff

Load: .05 - .20

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Step 4.

Earthquake Load -- Determine the load for earthquake, if applicable. MMI - Refers to the Modified Mercalli Intensity scale which is a measurement of the intensity of an earthquake. The following construction features should be considered when determining a load:

- a. wood frame, steel frame, reinforced concrete, combined concrete & steel
- b. concrete, brick or block

<u>MMI</u>	<u>US Quick Quake Score</u>
11 - 12	High (6)
10	Moderate to High (5)

Load: Refer to Company for earthquake load filed with the Department of Insurance

<u>MMI</u>	<u>US Quick Quake Score</u>
9	Moderate (4)

Load: .06 - .065

<u>MMI</u>	<u>US Quick Quake Score</u>
7 - 8	Low to Moderate (3)
5 - 6	Low (2)
1 - 4	Very Low (1)

Load: .005 - .05

Step 5.

Flood Load -- Determine the load for flood including sewer backup, if applicable. The following risk features should be considered when determining a load:

- a. The potential for sewer backup and seepage

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- b. Mix of flood zones
- c. Risk features designed to mitigate flood exposure and water damage

Special Flood Hazard Area (SFHA - The 100-year flood plain.)

Load: Refer to Company for flood load filed with the Department of Insurance

All Other Flood Zones

Load: .01 - .05

The load for All Other Flood Zones can be used if a risk is located above the second story of a building.

Step 6.

Add the loads together that were developed in Steps 1-5, and multiply the result by the limit of insurance.

Step 7.

Multiply the Fine Art Dealers rating information shown in Loss Cost Rating Information by the applicable company loss cost multiplier, and then multiply the result by the result of Step 6.

Step 8.

Deductible -- Modify the premium by any applicable deductible modification.

<u>Deductible Amount</u>	<u>Factor</u>
\$250	1.05
\$500	1.00
\$1,000	.95
\$2,500	.90
\$5,000	.80

Step 9.

IRPM -- Modify the premium by any applicable Individual Risk Premium Modification.

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REPORTING FORM (if applicable)

When reporting conditions are part of the fine art dealers coverage form:

- a. Determine the reporting rate by dividing the fine art dealers premium by the estimated annual gross receipts, per \$100.
- b. The reporting period can be on a monthly, quarterly, or annual basis.
- c. The premium adjustment period can be on a monthly, quarterly, or annual basis.
- d. The reporting rate should be applied to the reported gross receipts (per \$100).