

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
INSTALLATION FLOATER**

**RATING**

# AMERICAN ASSOCIATION OF INSURANCE SERVICES

## INLAND MARINE GUIDE

### INSTALLATION FLOATER -- RATING

#### PREMIUM BASE

The premium base is the insured's gross receipts from installation operations. Unless otherwise indicated, all loads are expressed as annual loads per \$100 of gross receipts.

#### PREMIUM DETERMINATION

##### Step 1.A

- a. **Basic Load** – Determine the basic load based on the following risk features:
  - 1) Type and experience of contractor
    - a) installation work does not involve extensive hot work, few jobs take over 14 days to complete, in business over 5 years doing same installation work
    - b) installation work involves hot work, most jobs take over 14 days to complete, in business less than 5 years doing same installation work
  - 2) Transit and off-site storage exposure
    - a) short distance between jobsite and storage location, use of common carriers to haul materials, off-site location properly secured
    - b) long distance between jobsite and storage location, use of owned vehicles to haul materials, off-site location inadequately secured
  - 3) Rigging exposures
    - a) few rigging operations over 2 stories high, crane operators certified and have over 5 years of experience
    - b) most rigging operations over 2 stories high, not all crane operators certified and not all have over 5 years of experience
  - 4) Theft and vandalism potential
    - a) jobsite in a secure building, target materials not stored at jobsite
    - b) jobsite not in a secure building, target materials stored at jobsite
  - 5) Private protection
    - a) proper distribution of fire extinguishers, use of fire watch for welding/cutting operations
    - b) inadequate distribution of fire extinguishers, no fire watch for welding/cutting operations

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<u>Limit</u>	<u>Installation Receipts</u>		
	<u>\$3,500,000 and under</u>	<u>\$3,500,001- \$5,000,000</u>	<u>\$5,000,001 and over</u>
\$500,000 and under	.03 - .15	.03 - .12	.025 - .10
\$500,001 - 1,000,000	.04 - .15	.035 - .12	.03 - .10
over 1,000,000	.06 - .15	.04 - .12	.035 - .10

- b. **Length of Job Modification** - If the length of an insured's average job is greater than 60 days, multiply the basic load by one of the following factors:

<u>Days</u>	<u>Factor</u>
61 to 90	1.10
91 to 120	1.20
over 120	Refer to Company*

\* Refer to Company for the length of job load filed with the Department of Insurance.

Step 2.A

**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

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MMI                      US Quick Quake Score

9                              Moderate (4)

**Load:** .06 - .065

MMI                      US Quick Quake Score

7 - 8                        Low to Moderate (3)

5 - 6                        Low (2)

1 - 4                        Very Low (1)

**Load:** .005 - .05

Step 3.A

**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
- 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 - .15

The load for All Other Flood Zones can be used if a risk is located above the 2nd story of a building.

Step 4.A

Add the loads together that were developed in Steps 1.A, 2.A, and 3.A.

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Step 5.A

Multiply the result of Step 4.A by the insured's gross receipts (per \$100).

Step 6.A

Multiply the Installation Floater 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 5.A.

Step 7.A

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

<u>Deductible Amount</u>	<u>Factor</u>
\$500	1.05
\$1,000	1.00
\$2,500	.90
\$5,000	.85
\$10,000	.75

Step 8.A.

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

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**ADDITIONAL PREMIUM DETERMINATION PROCEDURES**  
(If applicable)

**Delay In Completion Coverage**

This method should be used for installation floater when Delay In Completion Coverage is provided:

**Step 1.B**

Determine the delay in completion factor based on the following risk features:

- a. Limit for any 30 days
- b. Duration of project
- c. Potential duration of delay

Factor: 1.05 - 1.25

**Step 2.B**

Multiply the factor in Step 1.B by the result of Step 4.A (4.A is the sum of the loads developed in the Installation Floater Premium Determination Steps 1.A, 2.A, and 3.A).

**Step 3.B**

Multiply the result of Step 2.B by the limit of insurance for delay in completion (per \$100).

**Step 4.B**

Multiply the Installation Floater 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 3.B.

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Step 5.B

**Waiting Period** -- Modify the premium by any applicable waiting period modification.

<u>Waiting Period</u>	<u>Factor</u>
24 hours	1.20
48 hours	1.10
72 hours	1.00
4 days	.90
5 days	.80
6 days	.70

Step 6.B

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

**Contractors' Equipment And Tools**

This method should be used for installation floater when coverage is provided for contractors' equipment and tools:

Step 1.C

For equipment and tools including coverage extensions and supplemental coverages, refer to and use the Contractors' Equipment - Rating Step 1.A through Step 6.A.

Step 2.C

For equipment leased or rented from others, refer to and use the Contractors' Equipment - Rating Step 1.B through Step 3.B.

**Equipment Breakdown And Testing Coverage**

This method should be used for installation floater when Equipment Breakdown And Testing Coverage is provided:

**REFER TO COMPANY**

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**REPORTING FORM** (if applicable)

When reporting conditions are part of the installation floater coverage form:

- a. The reporting period can be on a monthly, quarterly, or annual basis.
- b. The premium adjustment period can be on a monthly, quarterly, or annual basis.

Use the following steps to determine the gross receipts reporting premium:

1. Determine the premium per the Premium Determination section.
2. Divide the premium by the insured's annual gross receipts (per \$100) to determine the gross receipts reporting rate.
3. The reporting rate should be applied per \$100 to the reported installation receipts.