

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING**

**COMPUTER COVERAGE
RATING**

REV 03 09

COM RTG

AAIS

Copyright, American Association of Insurance Services, Inc., 2009

AMERICAN ASSOCIATION OF INSURANCE SERVICES

INLAND MARINE GUIDE

ELECTRONIC DATA PROCESSING -- RATING

PREMIUM BASE

The premium base is the limit for all covered property (i.e., hardware and software) at each described premises. Unless otherwise indicated, all loads are expressed as annual loads per \$100 of the limit of insurance.

COMPUTER COVERAGE -- PREMIUM DETERMINATION

Hardware and Software -- This method should be used for data processing risks with values (i.e., hardware and software) up to \$250,000 for all locations. Each location should be rated separately.

Web Site Servers -- On-site servers should be rated as part of the location where they are housed and off-site servers should be rated separately.

IM 7201 -- The following rating steps should be used when coverage is written under IM 7201.

Step 1.A

Basic Load -- Determine the basic load based on the construction classification:

<u>Building Construction</u>	<u>Load</u>
Fire Resistive	.40
Non-Combustible and Masonry	.50
Frame	.60

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

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

<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 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

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

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 4.A

Additional Coverages -- Add the loads together that were developed in Steps 1.A - 3.A and multiply the result by the modification for the following additional coverages that are built into the coverage form or that are added by endorsement. This modification can reflect the following factors:

- a. Protection against electrical or power supply disturbances
 - 1) complete use of current UPS equipment, surge protection, alternate power source
 - 2) some use of current UPS equipment, surge protection
 - 3) limited use of UPS equipment, surge protection or use of outdated equipment and protection
- b. Reliability of utility service
 - 1) reliable power service
 - 2) sporadic brownouts and blackouts
 - 3) area prone to brownouts and blackouts
- c. Use of anti-virus software
 - 1) regular updating of anti-virus software
 - 2) irregular updating of anti-virus software
 - 3) no anti-virus software
- d. Installation of firewalls
 - 1) installation of firewalls
 - 2) limited installation of firewalls
 - 3) little or no use of firewalls
- e. Web site servers (optional coverage)
 - 1) equipment installed to protect Web site server, Web host screens for viruses/hacking
 - 2) incomplete protection of Web site server, Web host is not used

Modification: 1.00 - 1.75

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

Step 5.A

Multiply the modified load from Step 4.A by the limit of insurance (per \$100).

Step 6.A

Loss Cost -- Multiply the Electronic Data Processing rating information shown in Loss Cost Rating Information by the applicable company loss cost multiplier 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>
\$ 250	1.05
\$ 500	1.00
\$ 1,000	.90
\$ 2,500	.80

Step 8.A

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

ADDITIONAL PREMIUM DETERMINATION PROCEDURES
(if applicable)

INCOME COVERAGE

Rating Steps 1.B through 7.B should be used when income coverage is provided under IM 7201.

Step 1.B

Obtain the basic load developed in Steps 1.A - 4.A.

Step 2.B

Income Coverage Modification -- Select the modification that corresponds to the applicable coinsurance percentage and multiply the modification by the load from Step 1.B to determine the Income Coverage Load.

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

**Coinsurance
Percentage**

125%	0.50
100*	0.54*
90	0.58
80	0.62
70	0.66
60	0.75
50	0.83

* Use when writing on a no coinsurance basis.

Step 3.B

Additional Coverages Or Limitations -- Multiply the Income Coverage Load from Step 2.B by the modification for the following additional coverages or limitations that are built into the coverage form. This modification can reflect the following factors:

- a. Backup procedures
 - 1) availability of backup location, regular backup of software
 - 2) backup location not available, irregular backup of software
- b. Computer virus and hacking
 - 1) regular updating of anti-virus software, complete use of firewalls
 - 2) irregular updating of anti-virus software, incomplete use of firewalls
- c. Utility interruption
 - 1) utility service is reliable, Internet provider is reliable
 - 2) utility service is not reliable, Internet provider is not reliable
- d. Waiting period
 - 1) waiting period extended beyond 24 hours
 - 2) waiting period waived
- e. Coverage limitations
 - 1) additional number of days coverage is provided (civil authority, loss extension)
 - 2) number of days/hours for waiting period

Factor: .75 - 1.50

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

Step 4.B

Web Site Interruption (optional coverage) -- Multiply the modified Income Coverage Load from Step 3.B by the modification for Web Site Interruption. This modification can reflect the following factors:

- a. Web site backup procedures
 - 1) alternative Web site server is available, alternative server location is available, regular back up of Web site software
 - 2) alternative Web site server is not available, alternative server location is not available, irregular back up of Web site software
- b. Use of the Web site as source of revenue
 - 1) open site, informational and/or point-of-contact site (no direct loss of income when site is down)
 - 2) subscription Web service (no direct loss of income when site is down for short period of time)
 - 3) on-line Internet sales (loss of income any time site is down)
- c. Computer virus and hacking
 - 1) regular updating of anti-virus software, complete use of firewalls
 - 2) irregular updating of anti-virus software, incomplete use of firewalls
- d. Denial of service attacks
 - 1) coverage provided for denial of service attacks
 - 2) coverage not provided for denial of service attacks

Factor: 1.05 - 1.50

Step 5.B

Multiply the result of Step 4.B by the loss of income limit of insurance (per \$100).

Step 6.B

Loss Cost -- Multiply the Electronic Data Processing rating information shown in Loss Cost Rating Information by the applicable company loss cost multiplier then multiply the result by the result of Step 5.B.

Step 7.B

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

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

LEASED HARDWARE

The computer charge can be reduced for leased equipment when the lease limits the insured's responsibility for computer hardware.

HARDWARE UPGRADE

When the Upgrade Value endorsement is added to the coverage form:

- a. Substitute the scheduled upgraded values for the current values and reflect these values in the applicable limit of insurance, as described in premium determination Step 5.A.
- b. Modify the applicable premium determined in Steps 1.A - 8.A by the factor indicated below.

Factor: .90

REPORTING FORM (if applicable)

When reporting conditions are part of the computer 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 premium for a quarterly reporting period and annual adjustment risk. Adjust accordingly for monthly or annual reporting, or monthly or quarterly adjustment periods:

1. Determine the computer reporting rate by dividing the computer premium by the limit of insurance (per \$100).
2. At the inception of the coverage obtain the initial schedule of covered property (report of values).
3. Apply the reporting rate to the initial report of values (per \$100) to develop a deposit premium.

**AMERICAN ASSOCIATION OF INSURANCE SERVICES
INLAND MARINE GUIDE
ELECTRONIC DATA PROCESSING -- RATING**

4. After the quarterly reports have been received, add together the total values from all four reports, then divide the sum by 4 to obtain the average quarterly values.
5. Apply the reporting rate (per \$100) to the average quarterly values to determine the earned premium.
6. Determine any additional or return premium based on the difference between the deposit premium (item 3) and the earned premium (item 5).