

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
MUSEUMS**

**RATING  
NEBRASKA**

# AMERICAN ASSOCIATION OF INSURANCE SERVICES INLAND MARINE GUIDE MUSEUMS -- RATING

The following rating procedures are for Museum Collection 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 described premises, including any covered storage locations, 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 (Premises)** -- Determine a special causes of loss (perils) load for premises exposures. The following risk features should be considered when determining a load:

- a. Theft potential
  - 1) Average value of items
    - a) average value of items is low
    - b) average value of items is moderate
    - c) average value of items is high
  - 2) Premises alarm protection
    - a) video surveillance and central station premises alarm
    - b) central station premises alarm
    - c) no central station premises alarm
  - 3) Surveillance and guards
    - a) video surveillance and/or security guards
    - b) no video surveillance or security guards

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b. Storage

- 1) Less than 20% of collection in storage
- 2) 20% to 40% of collection kept in storage
- 3) Greater than 40% of collection kept in storage

c. Repair, restoration, retouching, or conservation operations on premises

- 1) No repair, restoration, retouching, or conservation takes place on premises
- 2) Limited repair, restoration, retouching, or conservation operations on premises. No chemical or heat processes used.
- 3) Repair or restoration operations on premises

<u>Total Values</u>	<u>Load</u>
Under \$2,000,000	.133
\$2,000,000 - \$10,000,000	.060
Over \$10,000,000	.0295

Step 3.

**Special Perils Load (Off Premises)** -- Determine a special causes of loss (perils) load for off premises exposures. The following risk features should be considered when determining a load:

a. Unnamed location exposures

- 1) Frequency of items at unnamed locations
  - a) items not sent to unnamed locations
  - b) items occasionally sent to unnamed locations
  - c) items frequently sent to unnamed locations
- 2) Percentage of collection at unnamed locations
  - a) items not sent to unnamed locations
  - b) less than 10% of items at unnamed locations
  - c) 10% or more of items located at unnamed locations
- 3) Security measures at unnamed location
  - a) use of central alarm with video surveillance, and/or guards
  - b) use of only central alarm system
  - c) no security measures in place.

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- b. Transit exposures
  - 1) Distance of transport
    - a) local transportation only
    - b) local transportation with occasional long distance transportation
    - c) primarily long distance transportation
  - 2) Transportation method
    - a) professional transporters
    - b) owned vehicles
    - c) common carriers, not professional transporters
  - 3) Frequency of transportation
    - a) infrequent transportation of items
    - b) occasional transportation of items
    - c) frequent transportation of items

<u>Total Values</u>	<u>Load</u>
Under \$2,000,000	.045
\$2,000,000 - \$10,000,000	.0225
Over \$10,000,000	.010

Step 4.

**Additional Perils and Limitations Load** -- If applicable, determine a special causes of loss (perils) load for additional perils and limitations. The following risk features should be considered when determining a load:

- a. Missing property
  - 1) no exclusion for missing property
  - 2) missing property exclusion applies
- b. Exposure to light
  - 1) exposure to light coverage applies with no limitation
  - 2) limited exposure to light coverage applies

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c. Temperature/humidity

- 1) temperature/humidity coverage applies
- 2) no coverage for temperature/humidity

<u>Total Values</u>	<u>Load</u>
Under \$2,000,000	.018
\$2,000,000 - \$10,000,000	.008
Over \$10,000,000	.0035

Step 5.

**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 features should be considered when determining a load:

- a. Collection located in buildings constructed of wood frame, steel frame, reinforced concrete, or combined concrete and steel
- b. Collection located in concrete, brick or block buildings
- c. Use of earthquake resistive fastener and securing systems
- d. Applicability of earthquake coverage limitations

<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:** .0625

<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:** .0275

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Step 6.

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

- a. Risk features designed to mitigate flood exposure and water damage
- b. The potential for sewer backup and seepage
- c. Mix of flood zones
- d. Applicability of flood and/or sewer backup coverage limitations

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:** .03

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

Step 7.

Add the loads together that were developed in Steps 1-6, and multiply the result by the limit of insurance.

Step 8.

Multiply the Museums 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 7.

Step 9.

**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

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Step 10.

**IRPM** -- A Commercial Inland Marine Individual Risk Premium Modification plan does not apply in Nebraska. However, Chapter 74 of the Nebraska Insurance Regulations provides a plan for the application of discretionary rating factors. Companies are allowed to apply credits or debits up to plus (+) or minus (-) 40% to modify the Commercial Inland Marine Premium.

Any characteristic or activity of the risk can be used to determine the credit or debit; except that involving race, creed, national origin, or religion of the insured, or known spousal abuse that would violate the "Unfair Discrimination Against Subjects of Abuse in Insurance Act". In addition, no documentation of these factors is required.

**REPORTING FORM** (if applicable)

When reporting conditions are part of the museum collection 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 periods or monthly or quarterly adjustment periods:

1. Determine the museum collection reporting rate by dividing the museum collection premium by the schedule of values (per \$100).
2. At the inception of the coverage obtain the initial schedule (report of values).
3. Apply the reporting rate to the initial report of values (per \$100) to develop a deposit premium.
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 to the average quarterly values (per \$100) to determine the earned premium.
6. Determine any additional or return premium based on the difference between the deposit premium (3) and the earned premium (5).