

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

## VOLUME SHIPMENT -- PREMIUM DETERMINATION

This method should be used when the annual value of all shipments combined is greater than \$2,500,000.

### Premium Base

The annual values shipped is the premium base, however, if these values cannot be determined, then the annual sales figure can be substituted.

#### Step 1.A

**Commodity Classification** -- Refer to the Commodity Classification Index to determine the applicable commodity classification.

#### Step 2.A

**Basic Load** -- Determine the basic load based on the commodity classification. If a commodity is classified as 5, refer to Step 5.A for an additional modification.

Determine a specific basic load for each mode of transportation, based on the following risk features:

- a. Radius of operations
  - 1) Local (within 100 miles)
  - 2) Intermediate (101 to 500 miles)
  - 3) Long Haul (over 500 miles)
- b. Vehicle protection
  - 1) Guards, guards in following vehicle
  - 2) Vehicle alarms, tracking equipment
  - 3) No additional protection
- c. Subrogation Potential
  - 1) Cargo hauled by common carriers, full bill of lading
  - 2) Cargo hauled by owner and common carriers, released bill of lading
  - 3) Cargo hauled by owner
- d. Condition of fleet
  - 1) Newer vehicles, regular and documented inspection of vehicles
  - 2) Mix of newer and older vehicles, irregular inspection of vehicles
  - 3) Older fleet, poor documentation of inspections

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

<u>Mode of Transportation</u>	<u>Commodity Classification</u>			
	1	2	3	4 - 5
Common Carrier	.01-.03	.04-.06	.07-.08	.09-.10
Owned Vehicles	.05-.07	.08-.10	.11-.12	.13-.15
Air Shipments	.10-.12	.13-.15	.16-.18	.19-.22
Rail Shipments	.15-.17	.18-.20	.21-.23	.24-.30

**Step 3.A**

**Refrigeration Breakdown Load** -- If refrigeration breakdown coverage is provided:

- a. Based on the following risk features determine the refrigeration breakdown load:
  - 1) Distance traveled
    - a) Local (within 50 miles)
    - b) Intermediate (51 to 200 miles)
    - c) Long Haul (over 200 miles)
  - 2) Temperature alarms
    - a) Alarms installed on vehicles
    - b) No installed alarms
  - 3) Availability of cold storage facilities
    - a) Insured has contracts with cold storage warehouses for emergency storage
    - b) Drivers have maps of cold storage warehouses for possible emergency storage
    - c) No contingency plans for emergency cold storage

Load: .10 -.15

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

- b. When a separate increased deductible is written for refrigeration breakdown, multiply the refrigeration breakdown load by the following deductible modification:

<u>Deductible Amount</u>	<u>Factor</u>
\$1,000	1.00
\$2,500	.95
\$5,000 and over	.90

- c. Add the refrigeration breakdown load to the basic load.

**Step 4.A**

For each mode of transportation, multiply the annual values shipped (per \$100) by the basic loads from Step 2.A. or 3.A. (if applicable).

**EXAMPLE**

**Loads**

<u>Mode of Transportation</u>	<u>Basic Load</u>		<u>Refrig Load</u>		<u>Modified Load</u>
Common Carrier	.05	+	.10	=	.15
Owned Vehicles	.09	+	.10	=	.19
Rail Shipments	.19	+	.10	=	.29

<u>Mode of Transportation</u>	<u>Values Shipped</u>		<u>Mod Load</u>		
Common Carrier	\$2,000,0(00)	x	.15	=	3,000
Owned Vehicles	\$1,000,0(00)	x	.19	=	1,900
Rail Shipments	\$500,0(00)	x	.29	=	<u>1,450</u>
					6,350

**Step 5.A**

**Target/Hazardous Cargo** -- Modify the result of Step 4.A by the Target/Hazardous Cargo Modification when commodities are classified as 5 in the Commodity Classification Index. The modification should reflect:

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

- a. Over the road exposures
  - 1) Driver with vehicle at all times, overnight parking in a fenced and secured area
  - 2) Driver not with vehicle at all times, overnight parking in open lot
- b. Protection of shipments
  - 1) Guards, guards in following vehicle
  - 2) Vehicle alarms, tracking equipment
  - 3) No additional protection
- c. Pickup and drop-off locations
  - 1) Low risk area
  - 2) High risk area (e.g., ports, high crime locality)

Modification: 1.25 to 2.00

**Step 6.A**

Multiply the Transit rating information shown in the Loss Cost Rating Information by the applicable company loss cost multiplier, and then multiply the result by the result of Step 4.A or Step 5.A (if applicable).

**Step 7.A**

**Named Perils Form** -- Modify the premium by the named perils factor when the Named Perils Coverage Form is written.

Factor: .90

**Step 8.A**

**Loading And Unloading** -- If the coverage form is extended to cover loading and unloading, modify the premium by the factor indicated below. The factor should reflect:

- a. the size (bulk or weight) of the cargo; and
- b. the value of the cargo.

Factor: 1.05 to 1.25

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

Step 9.A

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

<u>Deductible Amount</u>	<u>Factor</u>
\$500	1.00
\$1,000	.95
\$2,500	.90
\$5,000	.85
\$10,000	.75

Step 10.A

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

**PER VEHICLE -- PREMIUM DETERMINATION**

The per vehicle premium determination method should be used when the value of all annual shipments combined is less than \$2,500,000 or there are fewer than 10 owned vehicles (owner's cargo form).

**Premium Base**

The per vehicle limit.

Step 1.B

**Commodity Classification** -- Refer to the Commodity Classification Index to determine the applicable commodity classification.

Step 2.B

**Basic Load** -- Determine the basic load based on the limit per vehicle and the commodity classification. If a commodity is classified as 5, refer to Step 5.B for an additional modification.

Determine a basic load based on the following risk features:

- a. Radius of operations
  - 1) Local (within 100 miles)
  - 2) Intermediate (101 to 500 miles)
  - 3) Long Haul (over 500 miles)

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

- b. Vehicle protection
  - 1) Guards, guards in following vehicle
  - 2) Vehicle alarms, tracking equipment
  - 3) No additional protection
- c. Subrogation Potential
  - 1) Cargo hauled by common carriers, full bill of lading
  - 2) Cargo hauled by owner and common carriers, released bill of lading
  - 3) Cargo hauled by owner
- d. Condition of fleet
  - 1) Newer vehicles, regular and documented inspection of vehicles
  - 2) Mix of newer and older vehicles, irregular inspection of vehicles
  - 3) Older fleet, poor documentation of inspections

<u>Limit per Vehicle</u>	<u>Commodity Classification</u>	
	1 - 3	4 - 5
to \$50,000	1.30 - 1.50	1.43 - 1.65
\$50,001 to \$100,000	1.10 - 1.35	1.21 - 1.49
\$100,001 and over	1.05 - 1.15	1.16 - 1.27

**EXAMPLE**

Per vehicle limit	\$60,0(00)
X	
Factor	<u>1.25</u>
=	750 Basic Load (per vehicle)

Step 3.B

**Refrigeration Breakdown Load** -- If refrigeration breakdown coverage is provided:

- a. Based on the following risk features determine the refrigeration breakdown load:
  - 1) Distance traveled
    - a) Local (within 50 miles)
    - b) Intermediate (51 to 200 miles)
    - c) Long Haul (over 200 miles)

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

- 2) Temperature alarms
  - a) Alarms installed on vehicles
  - b) No installed alarms
- 3) Availability of cold storage facilities
  - a) Insured has contracts with cold storage warehouses for emergency storage
  - b) Drivers have maps of cold storage warehouses for possible emergency storage
  - c) No contingency plans for emergency cold storage

Load: 200 - 350 per vehicle

- b. When a separate increased deductible is written for refrigeration breakdown, multiply the refrigeration breakdown load by the following deductible modification:

<u>Deductible Amount</u>	<u>Factor</u>
\$1,000	1.00
\$2,500	.95
\$5,000 and over	.90

- c. Add the refrigeration breakdown load to the basic load.

**Step 4.B**

Multiply the number of vehicles (power units) by the result of Step 2.B (Basic Load) or the result of Step 3.B (if applicable). If a vehicle schedule describes trucks, trailers, and tractors, the basic load should only be applied to the power units (i.e., trucks, tractors).

**EXAMPLE**

Per vehicle limit	\$60,0(00)	
X		
Factor	<u>1.25</u>	
=	750	Basic Load (per vehicle)
Basic load	750	
+		
Ref. Breakdown load	<u>200</u>	
=	950	Modified Load
Modified Load	950	
X		
Number of Vehicles	<u>7</u>	
=	6,650	

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

Step 5.B

**Target/Hazardous Cargo** -- Modify the result of Step 4.B by the Target/Hazardous Cargo Modification when commodities are classified as 5 in the Commodity Classification Index. The modification should reflect:

- a. Over the road exposures
  - 1) Driver with vehicle at all times, overnight parking in a fenced and secured area
  - 2) Driver not with vehicle at all times, overnight parking in open lot
- b. Protection of shipments
  - 1) Guards, guards in following vehicle
  - 2) Vehicle alarms, tracking equipment
  - 3) No additional protection
- c. Pickup and drop-off locations
  - 1) Low risk area
  - 2) High risk area (e.g., ports, high crime locality)

Modification: 1.25 to 2.00

Step 6.B

Multiply the Transit rating information shown in the Loss Cost Rating Information by the applicable company loss cost multiplier, and then multiply the result by the result of Step 4.B or 5.B (if applicable).

Step 7.B

**Named Perils Form** -- Modify the premium by the named perils factor when the Named Perils Coverage Form is written.

Factor: .90

Step 8.B

**Loading And Unloading** -- If the coverage form is extended to cover loading and unloading, modify the premium by the factor indicated below. The factor should reflect:

- a. the size (bulk or weight) of the cargo; and
- b. the value of the cargo.

Factor: 1.05 to 1.25

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

Step 9.B

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

<u>Deductible Amount</u>	<u>Factor</u>
\$500	1.00
\$1,000	.95
\$2,500	.90
\$5,000	.85
\$10,000	.75

Step 10.B

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

**TRIP TRANSIT -- PREMIUM DETERMINATION**

The trip transit risk premium determination method should be used when coverage is written on a trip transit form.

Step 1.C

Determine the premium using the per vehicle premium determination method shown in Steps 1.B - 10.B.

Step 2.C

Modify the premium by the trip transit modification. The modification should reflect:

- a. Duration of the shipment
  - 1) trip 1-2 days long
  - 2) trip 3-7 days long
  - 3) trip over a week long
- b. Mode of transportation
  - 1) common carriers
  - 2) owned vehicles
- c. Rigging exposures
  - 1) no rigging operations
  - 2) some rigging, up to two stories
  - 3) rigging operations over two stories

Modification: .75 to 1.25

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

**REPORTING FORM** (if applicable)

When reporting conditions are part of the transit 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.

**Gross Receipts Reporting**

1. Determine the estimated annual premium per the Volume Shipment or Per Vehicle Premium Determination section.
2. Determine the reporting rate by dividing the estimated annual premium by the estimated gross receipts (per \$100).
3. The reporting rate should be applied (per \$100) to the reported gross receipts.

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

**COMMODITY CLASSIFICATION INDEX**

<u>Commodity</u>	<u>Classification</u>
Agricultural equipment	2
Alcoholic beverages (except beer and wine)	5
Appliances (except TV and stereos)	3
Automobile parts and accessories	4
Beer and wine	2
Beverages (nonalcoholic)	2
Building materials	2
Cameras and film	5
Canned goods	1
Cement, sand, or gravel	1
China and ceramics	3
Cigarettes and cigars	5
Clothing	3
Ladies' and men's dress apparel	5
Computers	4
Contractors' heavy equipment	2
Cosmetics and perfume	5
Dangerous articles, explosives, corrosives, flammables, acids	5
Dairy products	2
Drugs (except narcotics)	4
Dry goods	2
Eggs (shell)	3
Electrical supplies and fixtures	3
Farm products	3
Fertilizer	1
Fine arts	5
Food products	3
Frozen or refrigerated	4
Meat or seafood	5

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE  
TRANSIT -- RATING**

<u>Commodity</u>	<u>Classification</u>
Furniture	3
Furs	5
General merchandise	2
Glassware	3
Grain, hay, feed	1
Hardware and paint	2
Household effects	2
Jewelry	5
Leather goods (except shoes)	4
Livestock and live poultry	2
Liquid haulers (bulk nonflammable)	3
Lumber	1
Machinery and heavy equipment	4
Specialized heavy haulers	5
Power tools	5
Metal and steel	2
Narcotics	5
Office equipment	3
Paper and paper products	1
Petroleum products	1
Under 140 degrees flashpoint	5
Pipe, cable, and wire	3
Plumbing supplies	2
Poultry (dressed)	2
Precious metals	5
Rugs and carpets	2
Oriental	5
Shoes	3
Sporting goods and toys	5
Textiles	5
Tires and tubes	4
TV, radios, and stereo equipment	5
Video equipment and tapes	5