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.

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:

Step 1.A
> **Basic Load** -- Determine the basic load based on the construction classification:

Building Construction	Load
Fire Resistive	.40
Non-Combustible and Masonry	.50
Frame	.60

Step 2.A
> **Earthquake and Flood Coverage Load** -- If applicable, determine the coverage load based on the earthquake zone (or equivalent territory) and flood zone:

a.	Earthquake Zone	Load
	1 or 2	Refer to Company*
	3, 4, or 5	.01 -.05

b.   <u>Flood Zone</u>   <u>Load</u>
        A or V   Refer to Company*
        B, C, or X   .01 - .05**

      *   Refer to Company for the earthquake and flood loads
filed with the Department of Insurance.

      **   The load for flood zones B, C, or X can be used if a
risk is located above the second story of a building.

Step 3.A

Coverage Extensions and Supplemental Coverages -- Add the loads together that were developed in Steps 1.A and 2.A and multiply the result by the modification for the additional coverages that are built into the coverage form or that are added by endorsement. This modification can reflect the following factors:

1)   electrical and power supply disturbance
    a)   protection against electrical or power supply disturbances
    b)   reliability of utility service

2)   computer virus and hacking
    a)   regular updating of anti-virus software
    b)   use of firewalls

3)   Web Site Servers (optional coverage)
    a)   physical protection of Web site server
    b)   Web host screens for viruses/hacking

4)   changes in limits for Coverage Extensions and Supplemental Coverages and the addition of optional coverages

Modification: 1.00 - 1.75

Step 4.A

Multiply the modified load from Step 3.A by the limit of insurance (per $100).

Step 5.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 4.A.

Step 6.A

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

Deductible Amount	Factor
$1,000	.90
$2,500	.80

Step 7.A

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

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ELECTRONIC DATA PROCESSING COVERAGE
-- PREMIUM DETERMINATION

Hardware and Software -- This method should be used for EDP risks with total values (i.e., hardware and software) over $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:

Step 1.B
   Basic Load

   a.   **Fire** - To determine the Group I (fire) load, obtain the 100% coinsurance business personal property Group I (fire) loss cost for the covered location and multiply it by the applicable company loss cost multiplier.

   b.   **Extended Coverage** - To determine the Group II (extended coverage) load, obtain the 100% coinsurance business personal property Group II (extended coverage) loss cost and multiply it by the applicable company loss cost multiplier.

   c.   Multiply the Group I (fire) load by the following modification if the risk is isolated in an area that is designed for the operation/protection of an EDP installation.

   Modification: .75 - 1.25

   The following risk features should be considered when determining a factor:

   1)   Fire suppression equipment (automatic or manual) or sprinkler system that is not extended to the rest of the building
   2)   Smoke detectors zoned for quick identification of the affected area

3)   Temperature alarms
4)   Emergency power disconnect switch
5)   Separate mechanical ventilation system with automatic shutdown

d.   Add the modified Group I (fire) load to the Group II (extended coverage) load to determine the basic load.

Step 2.B

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

1)   theft and vandalism exposure
2)   transit and off-premises exposure

Total Values	Load
$250,000 - $350,000	.05 - .15
$350,001 - $500,000	.025 - .10
over $500,000	.01 - .05

Step 3.B

Earthquake and Flood Coverage Load -- If applicable, determine the coverage load based on the earthquake zone (or equivalent territory) and flood zone:

1)

Earthquake Zone	Load
1 or 2	Refer to Company*
3, 4, or 5	.01 - .05

2)

Flood Zone	Load
A or V	Refer to Company*
B, C, or X	.01 - .05**

*   Refer to Company for the earthquake and flood loads filed with the Department of Insurance.
**   The load for flood zones B, C, or X can be used if a risk is located above the second story of a building.

Step 4.B

Coverage Extensions and Supplemental Coverages --
Determine the load for the additional coverages that are built into
the coverage form or that are added by endorsement. The following
risk features can be considered when determining a load:

1) electrical and power supply disturbance
   a) protection against electrical or power supply
      disturbances
   b) reliability of utility service
2) computer virus and hacking
   a) regular updating of anti-virus software
   b) use of firewalls
3) Web Site Servers (optional coverage)
   a) physical protection of Web site server
   b) Web host screens for viruses/hacking
4) changes in limits for Coverage Extensions and Supplemental
   Coverages and the addition of optional coverages
5) mechanical breakdown exposure

Load: .05 - .50

Step 5.B

Add the loads together that were developed in Steps 1.B - 4.B and
multiply the result by the 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

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

Deductible Amount	Factor
$1,000 and under	--
$2,500	.90
$5,000 and over	.80

Step 8.B

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

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ADDITIONAL PREMIUM DETERMINATION PROCEDURES
(if applicable)

INCOME COVERAGE

This method should be used for data processing risks when loss of income coverage is provided:

Step 1.C
- Obtain the modified Load developed from Steps 1.A - 3.A; or
- Develop an EDP load by adding the loads together that were developed in Steps 1.B - 4.B

Step 2.C
Income Coverage Modification -- Select the modification that corresponds to the applicable coinsurance percentage and multiply the modification by the Load from Step 1.C to determine the Income Coverage Load.

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.C

Coverage Extensions and Supplemental Coverages -- Multiply the Income Coverage Load from Step 2.C by the modification for the additional exposures that are part of coverage or additional coverages that are built into the coverage form. This modification can reflect the following factors:

1) backup procedures
   a) availability of backup location
   b) backup software
2) computer virus and hacking
   a) regular updating of anti-virus software
   b) use of firewalls
3) utility interruption
   a) potential for loss of power
   b) potential for Internet interruption
4) changes in limits for Income Coverage Extensions and Supplemental Income Coverages and the addition of optional coverages

Factor: .75 - 1.50

Step 4.C

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

1) Web site backup procedures
   a) availability of alternative Web site server and alternative server location
   b) back up of Web site software
2) use of the Web site as source of revenue
   a) on-line Internet sales
   b) subscription Web service
   c) open site (informational and/or point-of-contact site)
3) computer virus and hacking
   a) regular updating of anti-virus software
   b) Web host screens for viruses and hacking

        4)   coverage limitations
                a)   number of days coverage is provided
                b)   number of days/hours for waiting period
        5)   coverage provided for denial of service attacks

        Factor: 1.05 - 1.50

Step 5.C
        Multiply the result of Step 4.C by the loss of income limit of insurance (per $100).

Step 6.C
        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.C.

Step 7.C
        IRPM -- Modify the premium by any applicable Individual Risk Premium Modification.

LEASED HARDWARE

The computer/EDP charge can be reduced for leased equipment when the lease limits the insured's responsibility for computer/EDP 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 4.A or Step 5.B.

b.   Modify the applicable premium determined in Steps 1.A - 7.A or Steps 1.B - 8.B by the factor indicated below.

        Factor: .90

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REPORTING FORM (if applicable)

When reporting conditions are part of the computer or electronic data processing coverage forms:

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 EDP/computer reporting rate by dividing the EDP or 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.
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).