

# ISRB CIRCULAR

## IDAHO COMMERCIAL EARTHQUAKE/VOLCANIC ERUPTION RULES REVISION: REVISION OF EARTHQUAKE TERRITORIES, MULTISTATE RULES, AND INTRODUCTION OF FLAT DOLLAR DEDUCTIBLE OPTIONS - FILED AND APPROVED BY THE IDAHO DEPARTMENT OF INSURANCE (DOI) ON April 16, 2024.

April 16, 2024

2024-CF-3

CF-2023-RDEQR-ID

SERFF# ISRB-134067970

Rules

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### RULES IMPLEMENTATION

This information is intended exclusively for Idaho Surveying and Rating Bureau, Inc. affiliated companies.

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### BACKGROUND

The Bureau has received revisions to Idaho Earthquake/Volcanic Eruption rules, Multistate Rules, a revision of Earthquake Territories, and an introduction of Flat Dollar Deductible Options. This change revises various multistate rules, adds new tables, revises state exceptions, and withdraws various state exceptions. This filing compliments CF-2023-REQL1 (Loss Costs) SERFF # ISRB-134051818, and CF-2023-ODEQF (Forms) SERFF # ISRB-134038961

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### CHANGES

#### MultiState Rules

**Rule 73., Causes Of Loss – Earthquake Form**

**Rule 74., Other Causes Of Loss Forms**

**Rule 75., Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)**

#### New Tables

**Table 73. Earthquake Deductible Options**

**Table 75. Sub-limit Factors**

#### Revised State Exceptions

**Rule A1. Building Code Effectiveness Grading**

**Rule 14. Basic Forms Applicable**

**Rule 72. Causes Of Loss – Special Form**

**Rule 73. Causes of Loss - Earthquake Form**

**Rule 75. Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)**

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**Rule 85. Basic Group I Class Rates  
Idaho territory section (CF-T pages)**

**Withdrawn State Exceptions**

**We are deleting the following state exceptions:**

**Rule A10. Cannabis**

**Rule 33. Deductible**

**Rule 38. Building And Personal Property Coverage Options**

**Rule 67. Mortgage holders Errors And Omissions Coverage**

**Rule 74. Other Causes Of Loss Forms**

**Rule 78. Equipment Breakdown**

**B and C State Classification Tables**

**Updated Territory Pages**

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**EFFECTIVE DATE**

**The effective date for this change is November 1, 2024.**

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**COMPANY ACTIONS**

All correspondence with the Idaho Department of Insurance should refer to CF-2023-RDEQR-ID.

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Idaho Department of Insurance.
- To use our revision with a different effective date, to use our revision with modifications or to not use our revision, then you must make an appropriate submission with the Idaho Department of Insurance.

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**ATTACHMENT**

Final copies of the manual pages are attached for your information.

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# Idaho Earthquake/Volcanic Eruption Rules Revision: Revision Of Earthquake Territories, Multistate Rules, And Introduction Of Flat Dollar Deductible Options

## About This Filing

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This filing revises the multistate rules in Division Five - Commercial Property of the ISO Commercial Lines Manual (CLM) to reflect various enhancements pertaining to Earthquake coverage. This includes flat-dollar deductible options for earthquake/volcanic eruption to coexist with the current percentage deductible options, the addition of Earthquake/Volcanic Eruption Coverage rating provisions for buildings having a soft story (Sub-Limit Form) and other editorial changes (Full and Sub-Limit Forms).

In addition, we are revising state specific rules and territories as a result of a related review of Earthquake loss costs.

The enhancements, including revised rating factors, are based on the Earthquake Model (Touchstone Version 8.2.0) from Verisk Extreme Solutions, formerly AIR Worldwide.

## Revised Multistate Rules

We are revising the following rules:

- ◆ **Rule 73.**, Causes Of Loss – Earthquake Form
- ◆ **Rule 74.**, Other Causes Of Loss Forms
- ◆ **Rule 75.**, Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## New Tables

- ◆ **Table 73.** Earthquake Deductible Options
- ◆ **Table 75.** Sub-limit Factors

## Revised State Exceptions

We are revising the following state exceptions:

- ◆ Rule A1. Building Code Effectiveness Grading
- ◆ Rule 14. Basic Forms Applicable
- ◆ Rule 72. Causes Of Loss – Special Form
- ◆ Rule 73. Causes of Loss - Earthquake Form
- ◆ Rule 75. Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)
- ◆ Rule 85. Basic Group I Class Rates
- ◆ Idaho territory section (CF-T pages)

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## Withdrawn State Exceptions

We are deleting the following state exceptions:

- ◆ Rule A10. Cannabis
- ◆ Rule 33. Deductible
- ◆ Rule 38. Building And Personal Property Coverage Options
- ◆ Rule 67. Mortgage holders Errors And Omissions Coverage
- ◆ Rule 74. Other Causes Of Loss Forms
- ◆ Rule 78. Equipment Breakdown
- ◆ B and C State Classification Tables

## Related Filing(s)

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The following companion filings are being filed with a concurrent effective date:

- ◆ CF-2023-ODEQF (Forms)
- ◆ CF-2023-REQLC (Loss Costs)

## Explanation of Multistate Changes

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### Rule 73. Causes Of Loss – Earthquake Form

This rule is revised as follows:

- ◆ References to endorsement CP 10 40 are updated to reflect its revised title, which indicates inclusion of the percentage deductible clause.

- ◆ This rule is revised to add information concerning new endorsement CP 10 28, which includes the flat-dollar deductible clause.
- ◆ Various references to entry of information in the Declarations are elaborated on to include mention of the Schedules in CP 10 28 and CP 10 40.
- ◆ Information is added to distinguish the aforementioned endorsements by type of deductible.
- ◆ Paragraph 73.D.1 has been amended to combine paragraph 73.D.1.a and 73.D.1.b into 73.D.1. Risk Classification. As a result, paragraph 73.D.1.a and 73.D.1.b have been deleted in its entirety.
- ◆ Paragraph 73.D.2.a. is amended to indicate that all rates for property damage coverage are based on a base deductible percentage in lieu of a mandatory deductible percentage.
- ◆ Paragraph 73.D.2.d is revised to reference "personal property" in lieu of "contents"
- ◆ Under section D.2., paragraph e. is added, concerning the minimum deductible on the steel frame of a building under construction.
- ◆ Under section D.2., paragraph f. is added to provide details and rating information for the flat-dollar deductible options. Deductible amounts range from \$500 to \$1,000,000. Rate modification factors at each deductible amount vary based on deductible tier, building class and total property value. The tables of factors are to be located in a separate section of Division Five - Fire And Allied Lines manual, titled Earthquake Flat Deductible Rating.
- ◆ Paragraph 73.D.4.a. Building classification for completed buildings is streamlined to reflect new Earthquake CSP Construction Class Codes and definitions that reflect construction materials and types of structures with earthquake vulnerability. See section on Building Classification Definition Revision (D-8 through D-10) in Actuarial Support.
  - Paragraph 73.D.4.a.(1) is amended to include a new Earthquake CSP Construction Class Code of A1 for buildings of wood frame or frame stucco buildings excluding those that have concrete supported floors and/or some walls of unit masonry or concrete.
  - Paragraph 73.D.4.a.(2) is amended to include a new Earthquake CSP Construction Class Code of B1 for all-metal buildings noting that wood or cement asbestos are acceptable alternatives to metal roofing and/or siding.
  - Paragraph 73.D.4.a.(3) is amended to include a new Earthquake CSP Construction Class Code of C1 for all steel frame buildings with description of buildings with a complete steel frame carrying all loads with floors and roofs of any material and with walls of any non-loadbearing material.

- Paragraph 73.D.4.a.(4) is amended to include new Earthquake CSP Construction Class Codes for reinforced concrete buildings, combined reinforced concrete and structural steel buildings as follows:
  - ◇ Earthquake CSP Construction Class Code D1 is provided for buildings having all vertical loads carried by a structural system consisting of one or a combination of the following:
    1. Poured-in-place reinforced concrete frame;
    2. Poured-in-place reinforced concrete interior and/or exterior walls;
    3. Partial structural steel frame with 1. and/or 2.Floors and roofs must be of poured-in place reinforced concrete, except that materials other than reinforced concrete may be used for the roofs of buildings over three stories.
  - ◇ Earthquake CSP Construction Class Code D2 is provided for buildings having a reinforced concrete frame or combined reinforced concrete and structural steel frame. Floors and roofs may be of any material while exterior and interior walls may be of any non-loadbearing materials.
  - ◇ Earthquake CSP Construction Class Code D3 is provided for buildings having:
    1. Partial or complete load carrying system of precast concrete; and/or
    2. Reinforced concrete lift-slab floors and/or roofs; and
    3. Otherwise qualifying for Class D1 and D2.
- Paragraph 73.D.4.a.(5) is amended to include new Earthquake CSP Construction Class Codes for concrete brick or block buildings as follows:
  - ◇ Earthquake CSP Construction Class Code E1 is provided for buildings having load-bearing exterior walls of:
    1. Reinforced brick masonry; and/or
    2. Reinforced hollow concrete block masonry.
  - ◇ Earthquake CSP Construction Class Code E2 is provided for buildings having load-bearing walls of unreinforced brick, other unreinforced solid unit masonry, hollow tile or other hollow unit masonry construction and cavity wall construction. Floors and roofs may be of any material.
  - ◇ Earthquake CSP Construction Class Code E3 is provided for buildings having load-bearing walls of adobe. Also included are buildings not covered by any other class.
- ◆ Paragraph 73.D.4.b. is revised to instruct that Cause of Loss Earthquake is for all buildings and special structures in course of construction, regardless of earthquake building class. Building classifications 3A, 4A and 5A are mapped to C1, D1 and E1, respectively, due to the new Earthquake CSP Construction Class Codes noted above.

- ◆ Paragraph 73.D.4.c. is amended to indicate that all rates for property damage coverage are based on a base deductible percentage in lieu of a mandatory deductible percentage.
- ◆ Table 73.D.4.c. Class 7 – Special Structures is revised for each structure type to map the Equivalent Building Class to the new Earthquake CSP Construction Class Codes noted above. Additionally, for many of the structure types, a new Base Deductible percentage is provided in lieu of the prior mandatory deductible percentage. Table 73.D.4.c. Class 7 – Special Structures, Radio and TV towers (steel) item 5.c. Not over 75 feet in height located on buildings is revised by referencing the building class and building deductible.
- ◆ Paragraph 73.D.4.d. is amended as respects reference to the Masonry Veneer Limitation of the Earthquake And Volcanic Eruption Coverage With Percentage Deductible Form, CP 10 40, to reinforce that it excludes loss to exterior masonry veneer on wood frame walls but includes stucco on wood frame walls.
- ◆ Table 73.D.4.d. Masonry Veneer Coverage Factors is amended to include two (2) new ranges for Percentage Of Total Exterior Wall Areas Faced With Masonry Veneer in lieu of three (3) ranges and new factors are provided for each new range. See section on Masonry Veneer Buyback Coverage (D-25) in Actuarial Support.
- ◆ Paragraph 73.D.5. has been amended to delete use of Table 73.F. Personal Property Index - Earthquake Insurance Rate Grade and replace this table with four (4) new Earthquake Content Grades that are based on varying susceptibility to damage by earthquake.
- ◆ Paragraph 73.E.1.a.(1) has been revised to remove its subject to reflect the change made to paragraph 73.D.1.a and 73.D.1.b. As a result, paragraph 73.E.1.a.(2) has been removed.
- ◆ Paragraph 73.E.1.a.(3) has been amended to delete in its entirety the factor previously applied to rate buildings with a roof tank for the Cause Of Loss - Earthquake And Volcanic Eruption and add a new provision for the application of rating factors as respects Soft Story for the rating of Cause Of Loss - Earthquake And Volcanic Eruption.
- ◆ Table 73.E.1.a.(2) Soft Story Modification Factor has been added to introduce Soft Story Modification Factors that can be used in the rating of Cause Of Loss - Earthquake And Volcanic Eruption to accommodate the increase in earthquake vulnerability of both building and contents for buildings with soft story construction. See section on Soft Story Modification Factor in Actuarial Support.
- ◆ Table 73.E.1.b. Story Modification Factors is revised to reflect that the Earthquake rate factor for time element coverage does not vary by the

number of building stories. See section on Height Relativity Factors for Time Element D-26 in Actuarial Support.

- ◆ Paragraph 73.F. Personal Property Index - Earthquake Insurance which solely presented Table 73.F. Personal Property Index – Earthquake Insurance has been deleted in its entirety.
- ◆ The paragraph previously designated 73.G. has been renamed as Paragraph 73.F.
- ◆ The paragraph previously designated 73.H. has been renamed as Paragraph 73.G.
- ◆ Numerous editorial changes were made to this rule.

Information concerning development of the rate modifications factors is provided in the attached Actuarial Memorandum.

#### **Rule 74. Other Causes Of Loss Forms**

Rule 74.F., Sprinkler Leakage Earthquake Extension, is updated to refer to the revised titles of endorsements CP 10 40 and CP 10 45, and to add reference to new endorsements CP 10 28 and CP 10 29.

- ◆ Numerous editorial changes were made to this rule.

#### **Rule 75. Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)**

This rule is revised as follows:

- ◆ References to endorsement CP 10 45 are updated to reflect its revised title, which indicates inclusion of the percentage deductible clause.
- ◆ This rule is revised to add information concerning new endorsement CP 10 29, which includes the flat-dollar deductible clause.
- ◆ Various references to form CP DS 06 are elaborated on to identify this form as a Schedule.
- ◆ Under section C.4., paragraph c. is added to provide details and rating information for the flat-dollar deductible options. Deductible amounts range from \$500 to \$1,000,000. Rate modification factors at each deductible amount vary based on deductible tier, building class, total property value, and insurance-to-value level (sub-limit). The tables of factors are to be located in a separate section of Division Five - Fire And Allied Lines manual, titled Earthquake Flat Deductible Rating.
- ◆ Paragraphs C.6.a., C.6.b. and C.6.d. are revised to distinguish the placement of rating information for the percentage and flat-dollar deductible options.

- ◆ 75.C.6.a.(1) is revised to reference Rule 73.D.1 in lieu of Rule 73.D.4 to determine Earthquake Building Classification and to include reference to Rule 73.D.5. to obtain personal rate grade.
- ◆ 75.C.6.a.(4) is revised to reference "personal property" in lieu of "contents" and to include reference to personal property rate grade in selection of loss costs for personal property, if applicable.
- ◆ 75.C.6.b.(1) is replaced with instruction to select the earthquake building and/or personal property Earthquake Coverage loss cost.
- ◆ 75.C.6.b.(2) is revised to reference height territory group in lieu of deductible tier to determine the appropriate factor from Table 73.D.8. in the state exceptions.
- ◆ Paragraph 75.C.6.b.(3) is revised to further reinforce the application of the sprinkler factor to the result from Paragraph (1) or Paragraph 2 as applicable.
- ◆ Paragraph 75.C.6.b.(4) is revised to further reinforce the application of the masonry veneer factor to the result from Paragraph (1) or Paragraph (2) or (3) as applicable.
- ◆ Paragraph 75.C.6.b.(5) is replaced in its entirety to remove the roof tank adjustment factor previously referenced in the rating of Cause Of Loss - Earthquake And Volcanic Eruption and now references the soft-story factors in Table 73.E.1.a.(2) Soft-story Modification Factors that can be used in the rating of Cause of Loss – Earthquake and Volcanic Eruption with a sub-limit endorsement.
- ◆ Paragraph 75.C.6.b.(6) is added to align with the revisions made to Rule 75.C.6.b.(1). The order in determining the earthquake and volcanic eruption sub-limit coverage rate is changed by applying the deductible/sub-limit factor after all other applicable rating factors in preceding paragraphs, instead of prior to. As the factors are all multiplicative, this does not affect the result.
- ◆ Paragraph 75.C.6.d.(5) is revised to reference the applicable result from Rules 75.C.6.b.(1) to Rule 75.C.6.b.(5) in determining the property damage sub-limit blanket coverage rate, and is also revised to reference Rule 75.C.6.c.(2) for time element, in lieu of having to refer to Rule 73.
- ◆ Numerous editorial changes were made to this rule.

### Table 73. Earthquake Deductible Options

- ◆ Earthquake Deductible Factors are introduced based on Verisk Extreme Solutions' Earthquake Model. See section on Earthquake Deductible Options (D-18 through D-20) in Actuarial Support.

## Table 75. Sub-limit Factors

- ◆ Earthquake Sub-limit Factors are introduced based on Verisk Extreme Solutions' Earthquake Model. See section on Earthquake Deductible Options (D-18 through D-20) in Actuarial Support.

Information concerning development of the rate modifications factors is provided in the attached Actuarial Memorandum.

## Explanation of State Changes

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We are making corresponding changes to the following state exceptions. Since we are now introducing the latest ISO Commercial Property multistate rules program in Idaho, we are also withdrawing various state exceptions and additional rules as detailed below.

### Rule A1. Building Code Effectiveness Grading

Table A1.E.1.b. Earthquake Factors is revised to account for the inclusion of Building Code Effectiveness Grading Score (BCEGS) classification in the AIR Earthquake Model. See section on Building Code Effectiveness Grading Earthquake Factors (D-23) in Actuarial Support.

### Rule A10. Cannabis

We are withdrawing this additional rule which was introduced in the supplement to filing CL-2019-OMJRU and was further revised in the supplement to filing CF-2021-RCCRU so that corresponding multistate Rule 39.A. and B., which are identical in content, will now apply.

### Rule 14. Basic Forms Applicable

We are deleting Paragraph E. which was introduced in the supplement to multistate filing CF-2020-RCYRU so that Multistate paragraph 14.A.4., which is identical in content, will now apply.

### Rule 38. Building And Personal Property Coverage Options

We are deleting the state exceptions to Paragraph P.1.d.(3)(a)(i) and Table T.4.a., which were introduced in the supplement to filing CF-2021-RCCRU and Paragraph AA in its entirety which was introduced in the supplement to filing CF-2020-RCYRU. The corresponding multistate paragraphs, which are identical in content, will now apply.

## **Rule 67. Mortgageholders Errors And Omissions Coverage**

We are deleting Paragraph B.4. which was introduced in filing CF-2020-RCYRU so that multistate paragraph B.4., which is identical in content, will now apply.

## **Rule 72. Causes Of Loss- Special Form**

We are deleting the exceptions to paragraphs C.2.b. and E.2.c.(1)(c) and (g) which were introduced in the supplement to filing CF-2021-RCCRU so that the corresponding multistate paragraphs, which are identical in content, will now apply.

## **Rule 73. Causes of Loss - Earthquake Form**

This rule is revised as follows:

- ◆ Paragraph 73.D.2.d is revised to reference "personal property" in lieu of "contents".
- ◆ Table 73.D.2.d. Earthquake Deductible Options is revised to provide new Building Classes based on the new Earthquake CSP Construction Class Codes mentioned in the multistate rules filing. See section on Building Classification Definition Revision (D-8 through D-10) and Earthquake Deductible Options (D-15 through D-17) in Actuarial Support.
- ◆ Paragraph 73.D.2.e. is removed to align with the inclusion of this rule in the multistate rules in Division Five - Commercial Property of the ISO Commercial Lines Manual.
- ◆ We are deleting state Table 73.D.4.c. Class 7 – Special Structures which was introduced in the supplement to filing CF-2021-RCCRU so that the corresponding multistate table, which is identical in content, will now apply.
- ◆ Paragraph 73.D.7. is revised to reference "personal property" in lieu of "contents".
- ◆ Paragraph 73.D.8. Building Height is being revised to reference "personal property" in lieu of "contents"; and to indicate that building height modification factors are based on a height territory group in lieu of a deductible tier.
- ◆ Table 73.D.8. Building Height Modification Factors is revised to vary building height modification factors by the number of stories, reflect the new Earthquake CSP Construction Class Code, and height territory group. See section on Building Height Modification Factors (D-21 through D-22) in Actuarial Support.
- ◆ Editorial revisions include:

- Reference to building stories 1-3 in paragraph 73.D.8. is written in words in lieu of numerals.
- ◆ The state exception to Paragraph 73.F. Personal Property Index - Earthquake Insurance, which solely presented Table 73.F. Personal Property Index – Earthquake Insurance, has been deleted in its entirety.

## **Rule 74. Other Causes Of Loss Forms**

We are deleting the state exception to A.3.b introduced in the supplement to filing CF-2021-RCCRU. The multistate rule and corresponding Table 74.A.3.b. Vandalism Exclusion factors will now apply.

## **Rule 75. Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form)**

- ◆ Paragraph 75.C.6.a.(1) is revised to reference Rule 73.D.1 in lieu of Rule 73.D.4 to determine Earthquake Building Classification.
- ◆ Paragraph 75.C.6.a.(4). is revised to reference "personal property" in lieu of "contents".
- ◆ All tables of Table 75.C.6.a.(5) Sub-Limit Factors are revised to reflect updated factors based on new Building Classes due to the revised Earthquake CSP Construction Class Codes. See section on Earthquake Deductible Options (D-15 through D-17) in Actuarial Support.
- ◆ Editorial revisions include:
  - Leading zeros are added to the decimal values used in the rate determination calculation under paragraphs 75.C.6.a.(5).(c). to 75.C.6.a.(5).(g).
  - The table format for table 75.C.6.a.(5). Sub-Limit Factors is updated by removing the table title.

## **Rule 78. Equipment Breakdown**

We are deleting state Table 78.D.1.a. Occupancy Group which was introduced in the supplement to filing CF-2021-RCCRU so that the corresponding multistate table, which is identical in content, will now apply.

## **Rule 85. Basic Group I Class Rates**

We are deleting the state exceptions to Paragraph B.3.c., 4.c., C.4.c. and d., E.3.b.(2) and b.(5), F.2.b., G.1. and 5 introduced in the supplement to filing CF-2021-RCCRU. The multistate paragraphs and Table 85.F.2.b. CSP Class Codes factors, which are identical in content, will now apply.

## **Classifications**

We are deleting B and C alpha classification sections introduced in the supplement to filing CF-2021-RCCRU in the state pages so that the corresponding multistate classifications, which are identical in content, will now apply.

## **Territory Pages**

The Earthquake rating territories are revised to account for the revisions to Earthquake loss costs. See section on Selection of Territories (D-11 through D-12). The Earthquake section of this manual (CF-T pages) incorporates these changes. Refer to Section C for the revised territory section.

## A1. BUILDING CODE EFFECTIVENESS GRADING

### A. General Information

1. The Building Code Effectiveness Grading Schedule develops grades of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. Policies which cover the Windstorm or Hail or Earthquake causes of loss may be eligible for special rating treatment, subject to the criteria in the following paragraphs. The Building Code Effectiveness Grading factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two Building Code Effectiveness Grades may be assigned. One grade will apply to one- and two-family dwellings; the other grade will apply to all other buildings. The BCEGS Classification Manual – Idaho will indicate the application of each grade. This separation applies even if the residential property is written under a Commercial Property policy. The rate modification factors in Paragraph E. apply to the numerical grade shown, regardless of whether the property is graded as residential or commercial.
3. The Building Code Effectiveness Grades for a community, and their effective date, are provided in the BCEGS Classification Manual – Idaho published by the Idaho Surveying and Rating Bureau.

### B. Community Grading

1. The Building Code Effectiveness Grading applies to any building that has an original certificate of occupancy dated in the year of the effective date of the community grading or later. A rating factor has been developed for each community grade.
2. If a community is regraded subsequent to its initial grading, the factor for the revised grade applies to buildings that have an original certificate of occupancy dated in the year of the effective date of the revised grading or later.
3. Where certificates of occupancy are not issued, equivalent documentation acceptable to the company may be used.
4. If, due to an addition or alteration, the original building is changed to comply with the latest building code, the factor for the community grading applicable at the time the reconstruction is completed will apply to such building.
5. The Building Code Effectiveness Grade may apply to Windstorm/Hail or Earthquake, or to both. Specific information is provided in the BCEGS Classification Manual – Idaho. If the grade in the manual does not apply to one of the causes of loss, the factor should not be applied for that cause of loss.

### C. Individual Grading

Where buildings have been built in full conformance with the natural hazard mitigation elements of one of the nationally recognized building codes even though the community grade is less than 1, exception rating procedures may apply.

1. Any building may be classified as Grade 1 for Windstorm/Hail upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with one of the three nationally recognized building codes with respect to mitigation of the windstorm and/or hail hazard. This classification is effective only from the date of the certification.
2. Any building may be classified as Grade 1 for Earthquake upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with one of the three nationally recognized building codes with respect to mitigation of the earthquake hazard. This classification is effective only from the date of the certification.

### D. Ungraded Risks

Buildings which do not meet the criteria described in Paragraphs B. and C. for Grade assignment are rated and coded as ungraded risks. Do not classify as Grade 10.

### E. Rate Modification

#### 1. Community Grading

For buildings which are eligible under Paragraph B., and for personal property inside such buildings, modify the Basic Group II and/or Earthquake rates by the applicable factor from the following tables. Do not apply a factor if the policy excludes Windstorm or Hail Coverage or if Earthquake Coverage has not been added.

##### a. Basic Group II Factors

Territory		
Grade/(Code)		Entire State
1	(01)	0.96
2	(02)	0.96
3	(03)	0.96
4	(04)	0.98
5	(05)	0.98
6	(06)	0.98
7	(07)	0.98

8	(08)	0.99
9	(09)	0.99
10	(10)	1.00
Ungraded	(99)	1.00

**Table A1.E.1.a. Basic Group II Factors**

**b. Earthquake Factors**

Grade/(Code)		Entire State
1	(01)	0.96
2	(02)	0.96
3	(03)	0.96
4	(04)	1.00
5	(05)	1.00
6	(06)	1.00
7	(07)	1.00
8	(08)	1.04
9	(09)	1.04
10	(10)	1.06
Ungraded	(99)	1.06

**Table A1.E.1.b. Earthquake Factors**

**2. Individual Grading**

For any building classified as Grade 1 based upon certification as set forth in Paragraph C., use the appropriate factor listed under Paragraph E.1. Code as follows:

Community Grade	Code
1	11
2	12
3	13
4	14
5	15
6	16
7	17
8	18
9	19
10	20
Ungraded	99

**Table A1.E.2. Individual Grading**

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**A10. RESERVED FOR FUTURE USE**

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**14. BASIC FORMS AND ENDORSEMENTS APPLICABLE**

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The following is added to Rule 14.:

- C. Attach Idaho Changes – Cancellation And Nonrenewal Endorsement **IL 02 04** to all policies.

**SECTION V – COVERAGE FORM RULES OTHER COVERAGE FORMS**

**72. CAUSES OF LOSS – SPECIAL FORM**

The following is added to Paragraph **E.2.b.(2)**:

When theft is excluded from Building Coverage, apply a factor of .94 to the appropriate building rate under Rule **72**. in the state rates.

The following is added to Paragraph **E.2.c.(3)**:

When theft is excluded from Personal Property Coverage, select the appropriate theft exclusion factor from Table **72.E.2.c.(3)**. Refer to Rule **72**. in the state rates for the personal property rate and territorial multiplier.

<b>Occupancy Category</b>	<b>Theft Exclusion Factor</b>
Residential Apartments And Condominiums	.85
Motel-hotel Risks	.85
Contractors Risks	.30
All Other Risks	.60

**Table 72.E.2.c.(3) Theft Exclusion Factors – Personal Property**

**73. CAUSES OF LOSS – EARTHQUAKE FORM**

Paragraph **D.2.d.** is replaced by the following:

**D. Rating Procedure**

**2. Deductibles**

**d. Earthquake Deductible Options**

Deductibles for building and personal property may be increased to a maximum of 40%, subject to application of credits. Multiply the rates at the base deductible by the appropriate factor as shown in Table **73.D.2.d.** Refer to the state rates for applicable Deductible Tier.

<b>Deductible Tier</b>	<b>Building Classes</b>	<b>Percentage Deductible</b>						
		<b>10%</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>
1	A1	0.68	0.47	0.36	0.29	0.23	0.19	0.16
1	B1 and C1	0.69	0.49	0.37	0.29	0.23	0.19	0.15
1	D1, D2, D3 and E1	0.70	0.51	0.39	0.31	0.25	0.21	0.17
1	E2 and E3	0.74	0.57	0.45	0.38	0.31	0.26	0.22
2	A1	0.75	0.59	0.49	0.43	0.40	0.37	0.33
2	B1 and C1	0.77	0.61	0.50	0.43	0.39	0.34	0.30
2	D1, D2, D3 and E1	0.78	0.62	0.52	0.45	0.41	0.38	0.34
2	E2 and E3	0.79	0.64	0.55	0.48	0.45	0.42	0.38
3	A1	0.81	0.67	0.58	0.51	0.47	0.45	0.41
3	B1 and C1	0.82	0.69	0.60	0.53	0.48	0.45	0.40
3	D1, D2, D3 and E1	0.84	0.72	0.64	0.57	0.52	0.48	0.45
3	E2 and E3	0.87	0.78	0.72	0.66	0.62	0.58	0.55

**Table 73.D.2.d. Earthquake Deductible Options**

The following is added to Paragraph **D.**:

### 7. Sprinklered Risk

The building and personal property loss costs shown in the state rates apply to a non-sprinklered risk. For a sprinklered risk (meaning, a building with an operable sprinkler system in any part of the building), multiply the Earthquake building and personal property rates by a factor of 1.06.

### 8. Building Height

The building and personal property loss costs shown in the state rates apply to low-rise buildings, meaning buildings of one to three stories. For medium-rise and high-rise buildings, multiply the Earthquake building and personal property rates by a factor from Table 73.D.8. The appropriate factor is determined based on building classification and height territory group. The height territory group is specified for each territory in the state rates.

Building Class	4 – 7 Stories				8 Or More Stories			
	Group 1	Group 2	Group 3	Group 4	Group 1	Group 2	Group 3	Group 4
A1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
B1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
C1	0.80	0.89	1.00	1.03	0.71	0.84	1.00	1.00
D1	0.73	0.80	1.00	0.91	0.68	0.79	1.00	1.00
D2	0.73	0.80	1.00	0.91	0.68	0.79	1.00	1.00
D3	0.78	0.88	1.00	1.13	0.71	0.84	1.00	1.27
E1	0.80	0.93	1.00	1.11	0.73	0.87	1.00	1.40
E2	0.83	0.98	1.03	1.24	0.83	0.98	1.03	1.24
E3	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Table 73.D.8. Building Height Modification Factors

## 75. EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT (SUB-LIMIT FORM)

Paragraph **C.6.a.** is replaced by the following:

### C. Rules

#### 6. Rating

##### a. Rate Determination – Sub-limit Form

- (1) Refer to Rule **73.D.1.** to obtain Earthquake Building Classification and Rule **73.D.5.** to obtain Personal Property Rate Grade.
- (2) Refer to the territory section for ZIP code-based territory definitions to determine the territory applicable to the location of the property being insured.
- (3) Determine the deductible tier, which is specified for each territory in Rule **73.** in the state rates.
- (4) Select Earthquake loss cost(s) for building, and/or personal property from Rule **73.** in the state rates based on building classification, personal property rate grade if applicable, and territory.
- (5) Refer to Table **75.C.6.a.(5)** for sub-limit factors. The applicable table is determined by deductible tier. The appropriate factor is determined based on building classification, sub-limit percentage and deductible percentage.

For sub-limit percentages not shown in Table **75.C.6.a.(5)**, interpolate using the factors for the nearest sub-limit percentages above and below the selected sub-limit percentage. Refer to the following example. Do not round until the final step of the interpolation procedure. The sub-limit factors shown in this example are for illustrative purposes only and are not necessarily the factors shown in the sub-limit factor tables of this manual.

- (a) If the selected sub-limit percentage is 32%, the nearest sub-limit percentages for which factors are shown are percentages of 30% and 35%.
- (b) Assume that for 30%, the sub-limit factor for deductible tier 2 at 5% deductible is 1.93 and for 35% the sub-limit factor for deductible tier 2 at 5% deductible is 1.77.
- (c) Calculate the difference between the two factors.
 
$$1.93 - 1.77 = 0.16$$
- (d) Calculate the difference between the selected sub-limit percentage (32%) and the lower percentage (30%), as decimals.
 
$$0.32 - 0.30 = 0.02$$
- (e) Calculate the difference between the higher and lower sub-limit percentages, as decimals.
 
$$0.35 - 0.30 = 0.05$$
- (f) Multiply the result of Paragraph **C.6.a.(5)(c)** by the result of Paragraph **C.6.a.(5)(d)** and divide by the result of Paragraph **C.6.a.(5)(e)**.
 
$$0.16 \times 0.02 \div 0.05 = 0.064$$
- (g) Subtract the result of Paragraph **C.6.a.(5)(f)** from the factor for the lower sub-limit percentage. Round the factor to three decimal places. The result is the sub-limit factor for a sub-limit percentage of 32%.
 
$$1.93 - 0.064 = 1.866 \text{ (rounded to 1.866)}$$

Building Classes	Sub-limit Percentage	Deductibles							
		5%	10%	15%	20%	25%	30%	35%	40%
A1	1 %	6.86	3.80	2.12	1.25	0.82	0.61	0.48	0.37
	2	6.48	3.59	2.00	1.19	0.80	0.59	0.46	0.36
	3	6.13	3.39	1.90	1.14	0.77	0.58	0.45	0.35
	4	5.80	3.21	1.81	1.10	0.75	0.56	0.44	0.34
	5	5.50	3.04	1.72	1.05	0.73	0.55	0.43	0.33
	10	4.27	2.38	1.39	0.89	0.64	0.49	0.38	0.28
	15	3.42	1.94	1.17	0.78	0.57	0.44	0.33	0.25
	20	2.83	1.64	1.01	0.69	0.51	0.39	0.29	0.22
	25	2.41	1.42	0.90	0.62	0.46	0.34	0.26	0.20
	30	2.10	1.25	0.80	0.56	0.41	0.31	0.24	0.19
	35	1.86	1.12	0.72	0.50	0.37	0.28	0.22	0.18

	40	1.67	1.01	0.65	0.45	0.34	0.26	0.21	0.17
	45	1.51	0.92	0.60	0.42	0.31	0.25	0.20	0.16
	50	1.38	0.84	0.55	0.39	0.30	0.24	0.19	0.15
	55	1.26	0.77	0.51	0.37	0.28	0.22	0.17	0.14
	60	1.17	0.72	0.48	0.34	0.26	0.21	0.17	0.14
	65	1.09	0.68	0.45	0.32	0.25	0.20	0.17	N/A
	70	1.02	0.64	0.42	0.30	0.24	0.19	N/A	N/A
	75	0.96	0.60	0.40	0.29	0.23	N/A	N/A	N/A
B1 and C1	1 %	6.55	3.78	2.20	1.35	0.90	0.66	0.50	0.38
	2	6.21	3.58	2.10	1.30	0.87	0.64	0.49	0.37
	3	5.89	3.40	2.00	1.24	0.85	0.62	0.47	0.35
	4	5.59	3.23	1.90	1.20	0.82	0.60	0.46	0.34
	5	5.32	3.07	1.82	1.15	0.79	0.59	0.45	0.33
	10	4.20	2.45	1.49	0.97	0.69	0.52	0.39	0.29
	15	3.40	2.01	1.26	0.84	0.61	0.46	0.34	0.25
	20	2.84	1.71	1.09	0.75	0.54	0.40	0.30	0.22
	25	2.43	1.49	0.96	0.66	0.48	0.36	0.26	0.20
	30	2.12	1.31	0.86	0.59	0.43	0.32	0.24	0.18
	35	1.88	1.17	0.77	0.53	0.39	0.29	0.22	0.17
	40	1.69	1.06	0.69	0.48	0.35	0.27	0.21	0.16
	45	1.53	0.96	0.63	0.44	0.32	0.25	0.19	0.15
	50	1.39	0.87	0.58	0.41	0.30	0.23	0.18	0.14
	55	1.28	0.80	0.54	0.38	0.28	0.22	0.17	0.13
	60	1.18	0.75	0.50	0.36	0.27	0.20	0.16	0.13
	65	1.10	0.70	0.47	0.33	0.25	0.19	0.16	N/A
70	1.03	0.66	0.44	0.31	0.24	0.19	N/A	N/A	
75	0.97	0.62	0.41	0.30	0.23	N/A	N/A	N/A	

**Table 75.C.6.a.(5)#1 Sub-limit Factors – Deductible Tier 1**

Building Classes	Sub-limit Percentage	Deductibles							
		5%	10%	15%	20%	25%	30%	35%	40%
D1, D2, D3 and E1	1 %	6.28	3.67	2.19	1.38	0.94	0.70	0.54	0.41
	2	5.96	3.49	2.08	1.32	0.91	0.68	0.52	0.40
	3	5.66	3.32	1.99	1.27	0.88	0.66	0.51	0.39
	4	5.38	3.16	1.90	1.22	0.86	0.64	0.50	0.38
	5	5.12	3.01	1.82	1.18	0.83	0.63	0.48	0.37
	10	4.07	2.42	1.50	1.01	0.73	0.56	0.43	0.32
	15	3.32	2.00	1.28	0.88	0.65	0.49	0.37	0.28
	20	2.78	1.71	1.12	0.78	0.58	0.44	0.33	0.25
	25	2.39	1.49	0.99	0.70	0.52	0.39	0.29	0.22
	30	2.10	1.33	0.89	0.63	0.46	0.35	0.27	0.21
	35	1.87	1.19	0.80	0.56	0.42	0.32	0.25	0.19
	40	1.68	1.07	0.72	0.51	0.38	0.29	0.23	0.18
	45	1.52	0.98	0.66	0.47	0.35	0.27	0.22	0.17
	50	1.39	0.89	0.61	0.44	0.33	0.26	0.20	0.16
	55	1.28	0.82	0.56	0.41	0.31	0.24	0.19	0.15
	60	1.18	0.77	0.53	0.38	0.29	0.22	0.18	0.15
	65	1.10	0.72	0.49	0.36	0.27	0.21	0.17	N/A
70	1.03	0.67	0.46	0.34	0.26	0.21	N/A	N/A	
75	0.97	0.63	0.43	0.32	0.25	N/A	N/A	N/A	

E2 and E3	1 %	5.48	3.36	2.13	1.44	1.06	0.82	0.66	0.53
	2	5.22	3.20	2.04	1.40	1.03	0.81	0.65	0.51
	3	4.98	3.06	1.96	1.35	1.00	0.79	0.63	0.50
	4	4.75	2.93	1.89	1.31	0.98	0.77	0.62	0.49
	5	4.54	2.81	1.82	1.27	0.96	0.76	0.60	0.48
	10	3.68	2.32	1.55	1.11	0.86	0.68	0.54	0.42
	15	3.06	1.97	1.35	0.99	0.77	0.61	0.48	0.37
	20	2.61	1.72	1.20	0.90	0.70	0.55	0.43	0.34
	25	2.28	1.52	1.08	0.81	0.63	0.50	0.39	0.30
	30	2.03	1.37	0.98	0.74	0.57	0.45	0.35	0.28
	35	1.82	1.24	0.89	0.67	0.52	0.41	0.33	0.26
	40	1.66	1.13	0.82	0.62	0.48	0.38	0.30	0.24
	45	1.51	1.04	0.75	0.57	0.44	0.35	0.28	0.23
	50	1.39	0.96	0.69	0.53	0.41	0.33	0.26	0.21
	55	1.28	0.89	0.64	0.49	0.39	0.31	0.25	0.20
	60	1.19	0.83	0.60	0.46	0.36	0.29	0.23	0.19
65	1.11	0.77	0.57	0.43	0.34	0.27	0.22	N/A	
70	1.04	0.73	0.53	0.41	0.32	0.26	N/A	N/A	
75	0.98	0.68	0.50	0.39	0.31	N/A	N/A	N/A	

**Table 75.C.6.a.(5)#2 Sub-limit Factors – Deductible Tier 1**

Building Classes	Sub-limit Percentage	Deductibles							
		5%	10%	15%	20%	25%	30%	35%	40%
A1	1 %	5.37	3.24	1.99	1.29	0.91	0.71	0.59	0.51
	2	5.11	3.08	1.90	1.24	0.89	0.70	0.58	0.50
	3	4.87	2.94	1.82	1.20	0.86	0.68	0.57	0.50
	4	4.64	2.81	1.74	1.16	0.84	0.67	0.57	0.49
	5	4.43	2.68	1.67	1.12	0.82	0.66	0.56	0.48
	10	3.56	2.18	1.40	0.97	0.74	0.61	0.52	0.45
	15	2.93	1.82	1.20	0.87	0.68	0.57	0.49	0.42
	20	2.48	1.57	1.07	0.79	0.63	0.53	0.46	0.40
	25	2.15	1.39	0.97	0.73	0.59	0.50	0.43	0.38
	30	1.90	1.25	0.89	0.68	0.55	0.47	0.41	0.36
	35	1.71	1.14	0.82	0.63	0.52	0.44	0.39	0.35
	40	1.55	1.05	0.76	0.59	0.49	0.42	0.37	0.34
	45	1.43	0.98	0.71	0.56	0.47	0.41	0.36	0.32
	50	1.32	0.91	0.67	0.53	0.45	0.39	0.35	0.31
	55	1.23	0.85	0.64	0.51	0.43	0.38	0.33	0.30
	60	1.15	0.81	0.61	0.49	0.41	0.36	0.32	0.29
65	1.09	0.77	0.58	0.47	0.40	0.35	0.31	N/A	
70	1.03	0.73	0.55	0.45	0.38	0.33	N/A	N/A	
75	0.98	0.69	0.53	0.43	0.37	N/A	N/A	N/A	
B1 and C1	1 %	5.04	3.19	2.07	1.41	1.03	0.80	0.65	0.54
	2	4.82	3.06	1.99	1.36	1.00	0.78	0.64	0.53
	3	4.61	2.93	1.92	1.32	0.97	0.76	0.63	0.52
	4	4.42	2.81	1.84	1.28	0.95	0.75	0.61	0.51
	5	4.23	2.70	1.78	1.24	0.93	0.73	0.60	0.50
	10	3.47	2.24	1.51	1.08	0.83	0.67	0.55	0.46
	15	2.90	1.91	1.32	0.97	0.76	0.61	0.51	0.43
	20	2.49	1.66	1.17	0.88	0.69	0.57	0.47	0.40

	25	2.18	1.48	1.06	0.80	0.64	0.52	0.44	0.37
	30	1.94	1.33	0.96	0.74	0.59	0.49	0.41	0.35
	35	1.75	1.21	0.89	0.68	0.55	0.46	0.39	0.33
	40	1.59	1.11	0.82	0.64	0.51	0.43	0.37	0.32
	45	1.46	1.03	0.76	0.60	0.48	0.41	0.35	0.30
	50	1.35	0.96	0.71	0.56	0.46	0.39	0.33	0.29
	55	1.25	0.89	0.67	0.53	0.44	0.37	0.32	0.28
	60	1.17	0.84	0.63	0.50	0.41	0.35	0.30	0.26
	65	1.10	0.79	0.60	0.48	0.40	0.34	0.29	N/A
	70	1.04	0.75	0.57	0.46	0.38	0.32	N/A	N/A
	75	0.98	0.71	0.54	0.44	0.36	N/A	N/A	N/A

**Table 75.C.6.a.(5)#3 Sub-limit Factors – Deductible Tier 2**

Building Classes	Sub-limit Percentage	Deductibles							
		5%	10%	15%	20%	25%	30%	35%	40%
D1, D2, D3 and E1	1 %	4.88	3.10	2.02	1.39	1.02	0.80	0.66	0.56
	2	4.66	2.97	1.94	1.34	0.99	0.79	0.65	0.55
	3	4.46	2.84	1.87	1.30	0.97	0.77	0.64	0.54
	4	4.28	2.73	1.80	1.26	0.95	0.76	0.63	0.54
	5	4.10	2.62	1.74	1.22	0.92	0.74	0.62	0.53
	10	3.36	2.18	1.48	1.07	0.83	0.68	0.57	0.49
	15	2.82	1.86	1.29	0.96	0.76	0.63	0.53	0.46
	20	2.42	1.63	1.16	0.88	0.70	0.59	0.50	0.43
	25	2.12	1.45	1.05	0.81	0.65	0.55	0.47	0.40
	30	1.89	1.31	0.96	0.75	0.61	0.51	0.44	0.38
	35	1.71	1.20	0.89	0.70	0.57	0.48	0.42	0.36
	40	1.56	1.11	0.83	0.65	0.54	0.46	0.40	0.35
	45	1.44	1.03	0.77	0.61	0.51	0.43	0.38	0.33
	50	1.33	0.96	0.73	0.58	0.48	0.41	0.36	0.32
	55	1.24	0.90	0.68	0.55	0.46	0.40	0.35	0.31
	60	1.16	0.85	0.65	0.52	0.44	0.38	0.34	0.29
	65	1.10	0.80	0.62	0.50	0.42	0.37	0.32	N/A
70	1.04	0.76	0.59	0.48	0.41	0.35	N/A	N/A	
75	0.98	0.72	0.56	0.46	0.39	N/A	N/A	N/A	
E2 and E3	1 %	4.69	2.98	1.95	1.34	1.00	0.80	0.68	0.59
	2	4.48	2.85	1.87	1.30	0.98	0.79	0.67	0.58
	3	4.29	2.73	1.80	1.26	0.95	0.77	0.66	0.57
	4	4.11	2.62	1.74	1.23	0.93	0.76	0.65	0.57
	5	3.94	2.52	1.68	1.19	0.91	0.75	0.64	0.56
	10	3.23	2.10	1.43	1.05	0.83	0.70	0.60	0.52
	15	2.71	1.80	1.26	0.95	0.77	0.65	0.56	0.49
	20	2.33	1.58	1.13	0.87	0.72	0.61	0.53	0.47
	25	2.05	1.41	1.03	0.81	0.67	0.57	0.50	0.44
	30	1.83	1.28	0.96	0.76	0.63	0.54	0.48	0.42
	35	1.66	1.18	0.89	0.71	0.60	0.51	0.45	0.41
	40	1.52	1.09	0.83	0.67	0.56	0.49	0.43	0.39
	45	1.41	1.02	0.78	0.63	0.54	0.47	0.42	0.38
	50	1.31	0.96	0.74	0.60	0.51	0.45	0.40	0.36
55	1.23	0.90	0.70	0.58	0.49	0.43	0.39	0.35	
60	1.15	0.85	0.67	0.55	0.47	0.42	0.38	0.34	

	65	1.09	0.81	0.64	0.53	0.46	0.41	0.36	N/A
	70	1.03	0.77	0.61	0.51	0.44	0.39	N/A	N/A
	75	0.98	0.74	0.59	0.49	0.42	N/A	N/A	N/A

**Table 75.C.6.a.(5)#4 Sub-limit Factors – Deductible Tier 2**

Building Classes	Sub-limit Percentage	Deductibles							
		5%	10%	15%	20%	25%	30%	35%	40%
A1	1 %	4.30	2.83	1.92	1.37	1.05	0.85	0.72	0.63
	2	4.13	2.72	1.85	1.33	1.02	0.83	0.71	0.62
	3	3.96	2.62	1.79	1.29	1.00	0.82	0.70	0.61
	4	3.81	2.52	1.73	1.26	0.98	0.81	0.69	0.60
	5	3.66	2.43	1.68	1.23	0.96	0.79	0.68	0.60
	10	3.04	2.05	1.45	1.09	0.88	0.74	0.64	0.56
	15	2.59	1.78	1.29	0.99	0.81	0.69	0.60	0.53
	20	2.25	1.57	1.16	0.92	0.76	0.65	0.57	0.50
	25	1.99	1.42	1.07	0.85	0.71	0.61	0.54	0.48
	30	1.79	1.29	0.99	0.80	0.67	0.58	0.51	0.46
	35	1.63	1.20	0.92	0.75	0.64	0.55	0.49	0.44
	40	1.50	1.11	0.87	0.71	0.60	0.53	0.47	0.42
	45	1.39	1.04	0.82	0.67	0.58	0.51	0.45	0.41
	50	1.30	0.98	0.77	0.64	0.55	0.49	0.44	0.40
	55	1.22	0.92	0.74	0.61	0.53	0.47	0.42	0.38
	60	1.15	0.88	0.70	0.59	0.51	0.45	0.41	0.36
		65	1.09	0.83	0.67	0.57	0.49	0.44	0.39
	70	1.04	0.80	0.65	0.54	0.48	0.42	N/A	N/A
	75	0.99	0.76	0.62	0.53	0.45	N/A	N/A	N/A
B1 and C1	1 %	3.93	2.71	1.93	1.45	1.14	0.94	0.79	0.68
	2	3.79	2.62	1.87	1.41	1.12	0.92	0.78	0.67
	3	3.65	2.53	1.82	1.37	1.09	0.91	0.77	0.66
	4	3.52	2.45	1.77	1.34	1.07	0.89	0.76	0.66
	5	3.40	2.37	1.72	1.31	1.05	0.88	0.75	0.65
	10	2.88	2.04	1.52	1.18	0.96	0.81	0.70	0.60
	15	2.50	1.80	1.36	1.08	0.89	0.76	0.65	0.56
	20	2.20	1.61	1.24	1.00	0.83	0.71	0.61	0.53
	25	1.97	1.47	1.14	0.93	0.78	0.66	0.57	0.50
	30	1.79	1.35	1.06	0.87	0.73	0.62	0.54	0.47
	35	1.64	1.25	0.99	0.81	0.69	0.59	0.51	0.45
	40	1.52	1.16	0.93	0.76	0.65	0.56	0.49	0.43
	45	1.41	1.09	0.87	0.72	0.61	0.53	0.47	0.41
	50	1.32	1.02	0.82	0.68	0.58	0.51	0.45	0.40
	55	1.24	0.96	0.78	0.65	0.56	0.49	0.43	0.38
	60	1.16	0.91	0.74	0.62	0.53	0.47	0.41	0.36
		65	1.10	0.86	0.71	0.59	0.51	0.45	0.39
	70	1.05	0.82	0.67	0.57	0.49	0.43	N/A	N/A
	75	1.00	0.79	0.65	0.55	0.47	N/A	N/A	N/A

**Table 75.C.6.a.(5)#5 Sub-limit Factors – Deductible Tier 3**

Building	Sub-limit	Deductibles
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Classes	Percentage	5%	10%	15%	20%	25%	30%	35%	40%
D1, D2, D3 and E1	1 %	3.61	2.53	1.85	1.41	1.14	0.95	0.83	0.73
	2	3.48	2.45	1.79	1.38	1.11	0.94	0.82	0.72
	3	3.36	2.38	1.75	1.35	1.09	0.93	0.80	0.71
	4	3.25	2.30	1.70	1.32	1.08	0.91	0.79	0.70
	5	3.14	2.23	1.66	1.29	1.06	0.90	0.78	0.69
	10	2.69	1.94	1.47	1.17	0.98	0.84	0.74	0.65
	15	2.34	1.73	1.33	1.08	0.91	0.79	0.70	0.62
	20	2.08	1.56	1.23	1.01	0.86	0.75	0.66	0.58
	25	1.88	1.43	1.14	0.95	0.81	0.71	0.62	0.56
	30	1.71	1.32	1.06	0.89	0.77	0.67	0.59	0.53
	35	1.58	1.23	1.00	0.84	0.73	0.64	0.57	0.51
	40	1.47	1.15	0.94	0.80	0.69	0.61	0.54	0.49
	45	1.37	1.09	0.89	0.76	0.66	0.58	0.52	0.47
	50	1.29	1.03	0.85	0.72	0.63	0.56	0.50	0.45
	55	1.22	0.97	0.81	0.69	0.60	0.54	0.48	0.44
	60	1.15	0.93	0.77	0.66	0.58	0.52	0.47	0.41
65	1.10	0.88	0.74	0.64	0.56	0.50	0.44	N/A	
70	1.04	0.84	0.71	0.61	0.54	0.47	N/A	N/A	
75	1.00	0.81	0.68	0.59	0.51	N/A	N/A	N/A	
E2 and E3	1 %	3.05	2.18	1.64	1.30	1.09	0.96	0.87	0.80
	2	2.94	2.12	1.60	1.27	1.08	0.95	0.86	0.80
	3	2.85	2.06	1.56	1.25	1.06	0.94	0.86	0.79
	4	2.76	2.00	1.52	1.23	1.05	0.93	0.85	0.78
	5	2.67	1.94	1.49	1.21	1.04	0.92	0.84	0.78
	10	2.31	1.72	1.35	1.12	0.98	0.88	0.81	0.75
	15	2.03	1.55	1.24	1.06	0.93	0.85	0.78	0.72
	20	1.83	1.42	1.16	1.00	0.89	0.82	0.75	0.69
	25	1.67	1.32	1.10	0.96	0.86	0.78	0.72	0.67
	30	1.54	1.24	1.05	0.92	0.83	0.76	0.70	0.65
	35	1.44	1.17	1.00	0.88	0.80	0.73	0.67	0.63
	40	1.36	1.12	0.96	0.85	0.77	0.70	0.65	0.61
	45	1.29	1.07	0.92	0.82	0.74	0.68	0.63	0.59
	50	1.23	1.02	0.88	0.79	0.72	0.66	0.62	0.58
	55	1.17	0.98	0.85	0.76	0.70	0.64	0.60	0.56
	60	1.12	0.94	0.82	0.74	0.68	0.63	0.59	0.53
65	1.08	0.91	0.80	0.72	0.66	0.61	0.56	N/A	
70	1.03	0.88	0.77	0.70	0.64	0.58	N/A	N/A	
75	1.00	0.85	0.75	0.68	0.61	N/A	N/A	N/A	

**Table 75.C.6.a.(5)#6 Sub-limit Factors – Deductible Tier 3**

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## 85. BASIC GROUP I CLASS RATES

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Paragraph **A.2.** is replaced by the following:

### **A. General**

2. The Idaho Surveying and Rating Bureau, Inc. (ISRB) does not specifically rate properties eligible for class rates.

Paragraph **B.1.c.** is replaced by the following:

### **1. Habitational**

#### **c. CSP Class Codes**

0074	0196*	0321	0341
0075	0197*	0322	0342
0076	0198*	0323	0343
0077	0311	0331	
0078	0312	0332	
0079	0313	0333	

\* These classifications refer to dwellings (and appurtenant structures such as garages) written in conjunction with a commercial risk or written under a Commercial Package Policy; and include dwellings, apartments or condominium units owned by corporations and similar insureds who allow employees or others to occupy the dwellings without leasing or renting. The classifications also include time-sharing apartment or condominium units owned by corporations for use exclusively by their executives or other employees.

Paragraph **C.3.** is replaced by the following:

### **C. Ineligibility**

3. Properties protected by automatic sprinklers, automatic fire detection systems or watchman service. Apply to the ISRB for specific rating. However, if the ISRB determines that the property does not meet minimum eligibility requirements for specific rating, class rates may apply. Class-rated properties may qualify for a Basic Group I rate credit. The ISRB will advise accordingly.

Paragraphs **D.4.** and **D.5.** are replaced by the following:

4. If none of the preceding items describe the building, apply to the ISRB for Construction Type giving construction details.
5. If more than 1/3 of a building is of Masonry Non-Combustible, Modified Fire Resistive or Fire Resistive Construction Type and the Building CSP Class Code is not:
  - a. 0074 through 0343 (Habitational); or
  - b. 1150 (Builders' Risks)apply to the ISRB for specific rating.

Paragraph **G.3.** is replaced by the following:

### **G. Special Rules**

#### **3. CSP Class Code 0932 (Auto Service Stations)**

Contents rates may apply to underground fuel storage tanks, contents of such tanks, pumps, piping and connections to the tanks, and also to awnings, signs and metal smokestacks which are necessary and usual to the operation of an automobile service station. This Class Code is also applicable to Tire Shops. A Tire Shop is one where motorized vehicles enter the building. Otherwise, use Class Code 0512.

The following is added to Paragraph **G.:**

#### **11. CSP Class Codes 0511, 0512, 0520, 0531, 0532, 0541, 0561, 0562, 0563, 0564, 0565, 0566, 0567, 0570, 0581 And 0582**

For buildings used entirely for wholesale and for storage of merchandise and/or business equipment storage, multiply rates by the following:

Protection Class		1 – 8	1W – 8W, 9 – 10
Frame (1)	Bldg.	.534	.408
	Contents	.772	.590
Joisted Masonry (2)	Bldg.	.433	.433
	Contents	.590	.590
Non- Comb. (3)	Bldg.	.534	.408
	Contents	.772	.590

**Table 85.G.11. Wholesale And Storage Factors**

**12. CSP Class Code 1070**

CSP Class Code 1070 includes public property repair shops, maintenance shops and motorized vehicle storage. Sewer Treatment Tanks – See Special Class Rates.

**13. Public Property**

Public Property shall consist of properties which are owned and entirely occupied by federal, state, county and/or municipal governments or Reclamation or Irrigation Districts, separately or in combination. The Basic Group I rates for such risks shall be multiplied by .7.

Hospitals, Infirmarys, Nursing Homes, Rest Homes, Sanatoriums, Offices, Court Houses, Educational Property, Farm Property, Dwellings and other Habitational Risks which are ratable under either the Dwelling Policy Program or Division Four – Farm of the Commercial Lines Manual, and other properties which do not meet both the ownership and occupancy requirements set forth in the preceding paragraph for Public Property, are ineligible. Buildings in the course of construction shall be eligible for the .7 factor only when the intended occupancy is such that the risk meets all other requirements of Rule 85. and the coverage is written under a completed and occupied rate.

Paragraph L. is replaced by the following:

**L. Special Class Rates**

1. Apply this item to all property in the open (CSP Class Code 1190) and to special property as defined except:
  - a. Property described in Paragraph B.
  - b. Piers, Wharves, Bridges (CSP Class Code 1200) except as specifically described.
  - c. Agriculture product storage including material in yards and tanks. (CSP Class Codes 1251, 1252, 1300, 1501, 1502, 1550, 1610).
2. The Basic Group II Symbol Column is used as provided in Rule 70.
3. See state rates.
4. The loss costs for Protection Classes 9 – 10, in Table 85.L.3. of the state rates, also apply to split Protection Classes designated by W.

Paragraph M.1.b. is replaced by the following:

- b. Select the appropriate Protection Class and apply the protection class multiplier from Table 85.M.1.b. to the class rate prior to any coinsurance or flat rate adjustment.

Protection Class	Frame	Joisted Masonry, Masonry Non-Combustible	Non-Combustible	Modified Fire Resistive, Fire Resistive
1	.728	.735	.743	.697
2	.758	.775	.771	.727
3	.807	.804	.807	.758
4	.868	.873	.853	.869
5	1.000	1.000	1.000	1.000
6	1.044	1.088	1.055	1.061
7	1.184	1.235	1.202	1.293
8	1.263	1.412	1.321	1.455
9	1.474	1.647	1.541	1.697
10	1.754	1.961	1.835	2.020
1W – 5W	1.179	1.318	1.233	1.358
6W – 8W	1.400	1.565	1.464	1.612

**Table 85.M.1.b. Protection Class Multipliers**

Paragraph **M.2.** is replaced by the following:

**2. Rating Examples**

Refer to the Rating Examples Appendix in the state exceptions for an example illustrating the application of the protection class and territorial multiplier.

**ZIP CODES 83201 – 83337**

<b>Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code</b>					
<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>	<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>
83201	POCATELLO	1	83255	MOORE	1
83202	POCATELLO	1	83256	MORELAND	1
83203	FORT HALL	1	83261	PARIS	2
83204	POCATELLO	1	83262	PINGREE	1
83205	POCATELLO	1	83263	PRESTON	2
83206	POCATELLO	1	83271	ROCKLAND	1
83209	POCATELLO	1	83272	SAINT CHARLES	1
83210	ABERDEEN	1	83274	SHELLEY	1
83211	AMERICAN FALLS	1	83276	SODA SPRINGS	2
83212	ARBON	1	83277	SPRINGFIELD	1
83213	ARCO	1	83278	STANLEY	1
83214	ARIMO	1	83281	SWANLAKE	2
83215	ATOMIC CITY	1	83283	THATCHER	2
83217	BANCROFT	1	83285	WAYAN	1
83218	BASALT	1	83286	WESTON	2
83220	BERN	2	83287	FISH HAVEN	2
83221	BLACKFOOT	1	83301	TWIN FALLS	1
83223	BLOOMINGTON	2	83302	ROGERSON	1
83226	CHALLIS	2A	83303	TWIN FALLS	1
83227	CLAYTON	1	83311	ALBION	1
83228	CLIFTON	2	83312	ALMO	1
83229	COBALT	1	83313	BELLEVUE	1
83232	DAYTON	2	83314	BLISS	1
83233	DINGLE	2	83316	BUHL	1
83234	DOWNEY	2	83318	BURLEY	1
83235	ELLIS	2	83320	CAREY	1
83236	FIRTH	1	83321	CASTLEFORD	1
83237	FRANKLIN	2	83322	CORRAL	1
83238	GENEVA	2	83323	DECLO	1
83239	GEORGETOWN	2	83324	DIETRICH	1
83241	GRACE	1	83325	EDEN	1
83243	HOLBROOK	1	83327	FAIRFIELD	1
83244	HOWE	1	83328	FILER	1
83245	INKOM	1	83330	GOODING	1
83246	LAVA HOT SPRINGS	1	83332	HAGERMAN	1
83250	MCCAMMON	1	83333	HAILEY	1
83251	MACKAY	2	83334	HANSEN	1
83252	MALAD CITY	2	83335	HAZELTON	1
83253	MAY	2	83336	HEYBURN	1
83254	MONTPELIER	2	83337	HILL CITY	1

**Table #1(T) ZIP Codes 83201 – 83337**

**ZIP CODES 83338 – 83545**

<b>Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code</b>					
<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>	<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>
83338	JEROME	1	83443	RIRIE	1
83340	KETCHUM	1	83444	ROBERTS	1
83341	KIMBERLY	1	83445	SAINT ANTHONY	1
83342	MALTA	1	83446	SPENCER	1
83343	MINIDOKA	1	83448	SUGAR CITY	1
83344	MURTAUGH	1	83449	SWAN VALLEY	2
83346	OAKLEY	1	83450	TERRETON	1
83347	PAUL	1	83451	TETON	1
83348	PICABO	1	83452	TETONIA	2
83349	RICHFIELD	1	83454	UCON	1
83350	RUPERT	1	83455	VICTOR	2
83352	SHOSHONE	1	83460	REXBURG	1
83353	SUN VALLEY	1	83462	CARMEN	1
83354	SUN VALLEY	1	83463	GIBBONSVILLE	1
83355	WENDELL	1	83464	LEADORE	1
83401	IDAHO FALLS	1	83465	LEMHI	1
83402	IDAHO FALLS	1	83466	NORTH FORK	1
83403	IDAHO FALLS	1	83467	SALMON	1
83404	IDAHO FALLS	1	83468	TENDOY	1
83405	IDAHO FALLS	1	83469	SHOUP	1
83406	IDAHO FALLS	1	83501	LEWISTON	1
83415	IDAHO FALLS	1	83520	AHSAHKA	1
83420	ASHTON	1	83522	COTTONWOOD	1
83421	CHESTER	1	83523	CRAIGMONT	1
83422	DRIGGS	2	83524	CULDESAC	1
83423	DUBOIS	1	83525	ELK CITY	1
83424	FELT	2	83526	FERDINAND	1
83425	HAMER	1	83530	GRANGEVILLE	1
83427	IONA	1	83531	FENN	1
83428	IRWIN	2	83533	GREENCREEK	1
83429	ISLAND PARK	2	83535	JULIAETTA	1
83431	LEWISVILLE	1	83536	KAMIAH	1
83433	MACKS INN	2	83537	KENDRICK	1
83434	MENAN	1	83539	KOOSKIA	1
83435	MONTEVIEW	1	83540	LAPWAI	1
83436	NEWDALE	1	83541	LENORE	1
83438	PARKER	1	83542	LUCILE	1
83440	REXBURG	1	83543	NEZPERCE	1
83441	REXBURG	1	83544	OROFINO	1
83442	RIGBY	1	83545	PECK	1

**Table #2(T) ZIP Codes 83338 – 83545**

ZIP CODES 83546 – 83716

Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code					
ZIP Code	USPS ZIP Code Name	Earthquake Territory	ZIP Code	USPS ZIP Code Name	Earthquake Territory
83546	PIERCE	1	83644	MIDDLETON	1
83547	POLLOCK	1	83645	MIDVALE	1
83548	REUBENS	1	83646	MERIDIAN	1
83549	RIGGINS	1	83647	MOUNTAIN HOME	1
83552	STITES	1	83648	MOUNTAIN HOME AFB	1
83553	WEIPPE	1	83650	MURPHY	1
83554	WHITE BIRD	1	83651	NAMPA	1
83555	WINCHESTER	1	83652	NAMPA	1
83602	BANKS	1	83653	NAMPA	1
83604	BRUNEAU	1	83654	NEW MEADOWS	1
83605	CALDWELL	1	83655	NEW PLYMOUTH	1
83606	CALDWELL	1	83656	NOTUS	1
83607	CALDWELL	1	83657	OLA	1
83610	CAMBRIDGE	1	83660	PARMA	1
83611	CASCADE	1	83661	PAYETTE	1
83612	COUNCIL	1	83666	PLACERVILLE	1
83615	DONNELLY	1	83669	STAR	1
83616	EAGLE	1	83670	SWEET	1
83617	EMMETT	1	83671	WARREN	1
83619	FRUITLAND	1	83672	WEISER	1
83622	GARDEN VALLEY	1	83676	WILDER	1
83623	GLENNS FERRY	1	83677	YELLOW PINE	1
83624	GRAND VIEW	1	83680	MERIDIAN	1
83626	GREENLEAF	1	83686	NAMPA	1
83627	HAMMETT	1	83687	NAMPA	1
83628	HOMEDALE	1	83701	BOISE	1
83629	HORSESHOE BEND	1	83702	BOISE	1
83630	HUSTON	1	83703	BOISE	1
83631	IDAHO CITY	1	83704	BOISE	1
83632	INDIAN VALLEY	1	83705	BOISE	1
83633	KING HILL	1	83706	BOISE	1
83634	KUNA	1	83707	BOISE	1
83635	LAKE FORK	1	83708	BOISE	1
83636	LETHA	1	83709	BOISE	1
83637	LOWMAN	1	83711	BOISE	1
83638	MCCALL	1	83712	BOISE	1
83639	MARSING	1	83713	BOISE	1
83641	MELBA	1	83714	GARDEN CITY	1
83642	MERIDIAN	1	83715	BOISE	1
83643	MESA	1	83716	BOISE	1

Table #3(T) ZIP Codes 83546 – 83716

**ZIP CODES 83717 – 83877**

<b>Earthquake ZIP Codes/Territories In Numerical Order By ZIP Code</b>					
<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>	<b>ZIP Code</b>	<b>USPS ZIP Code Name</b>	<b>Earthquake Territory</b>
83717	BOISE	1	83836	HOPE	1
83719	BOISE	1	83837	KELLOGG	1
83720	BOISE	1	83839	KINGSTON	1
83722	BOISE	1	83840	KOOTENAI	1
83724	BOISE	1	83841	LACLEDE	1
83725	BOISE	1	83842	MEDIMONT	1
83726	BOISE	1	83843	MOSCOW	1
83728	BOISE	1	83844	MOSCOW	1
83729	BOISE	1	83845	MOYIE SPRINGS	1
83732	BOISE	1	83846	MULLAN	1
83735	BOISE	1	83847	NAPLES	1
83756	BOISE	1	83848	NORDMAN	1
83799	BOISE	1	83849	OSBURN	1
83801	ATHOL	1	83850	PINEHURST	1
83802	AVERY	1	83851	PLUMMER	1
83803	BAYVIEW	1	83852	PONDERAY	1
83804	BLANCHARD	1	83853	PORTHILL	1
83805	BONNERS FERRY	1	83854	POST FALLS	1
83806	BOVILL	1	83855	POTLATCH	1
83808	CALDER	1	83856	PRIEST RIVER	1
83809	CAREYWOOD	1	83857	PRINCETON	1
83810	CATALDO	1	83858	RATHDRUM	1
83811	CLARK FORK	1	83860	SAGLE	1
83812	CLARKIA	1	83861	SAINT MARIES	1
83813	COCOLALLA	1	83864	SANDPOINT	1
83814	COEUR D ALENE	1	83865	COLBURN	1
83815	COEUR D ALENE	1	83866	SANTA	1
83816	COEUR D ALENE	1	83867	SILVERTON	1
83821	COOLIN	1	83868	SMELTERVILLE	1
83822	OLDTOWN	1	83869	SPIRIT LAKE	1
83823	DEARY	1	83870	TENSED	1
83824	DESMET	1	83871	TROY	1
83825	DOVER	1	83872	VIOLA	1
83826	EASTPORT	1	83873	WALLACE	1
83827	ELK RIVER	1	83874	MURRAY	1
83830	FERNWOOD	1	83876	WORLEY	1
83832	GENESEE	1	83877	POST FALLS	1
83833	HARRISON	1			
83834	HARVARD	1			
83835	HAYDEN	1			

**Table #4(T) ZIP Codes 83717 – 83877**

# Multistate Rules

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## 73. CAUSES OF LOSS – EARTHQUAKE FORM

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### A. Description Of Covered Causes Of Loss

This insurance provides coverage for loss by earthquake and volcanic eruption, explosion or effusion.

### B. Forms

1. Use Earthquake And Volcanic Eruption Coverage With Percentage Deductible Endorsement **CP 10 40** or Earthquake And Volcanic Eruption Coverage With Flat-dollar Deductible Endorsement **CP 10 28**.

These endorsements include an option for limiting coverage to "Earthquake – Sprinkler Leakage Only". The option is made applicable by appropriate entry in the Schedule or Declarations. Refer to Rule **74.F.** in the multistate and state sections of this manual for more information on this option.

(For information on writing Earthquake And Volcanic Eruption Coverage on a sub-limit basis, subject to an annual aggregate limit, refer to Rule **75.**)

2. Use Earthquake Inception Extension Endorsement **CP 10 41** when simplified forms replace non-simplified forms and non-simplified forms include Earthquake Coverage.

### C. Rules

#### 1. Specific Insurance

- a. The Limit of Insurance for Earthquake must be the same as the Limit of Insurance for other causes of loss.
- b. For policies containing more than one item, Earthquake Coverage may apply to any or all items. Clearly identify in the Schedule or Declarations the items to which Earthquake Coverage applies.

#### 2. Blanket Insurance

When Earthquake Coverage does not apply to all buildings or personal property included in a blanket item:

- a. Designate in the Schedule or Declarations the specific building(s) or personal property to which the coverage applies.
- b. Show the Earthquake Coverage Limit of Insurance for the designated building(s) or personal property item(s).

### D. Rating Procedure

#### 1. Risk Classification

Refer to Paragraph **D.4.** to obtain the building classification description. If after reference to Paragraph **D.4.** a building classification is not obtained, a classification may be determined as follows:

A request for determination of building classification may be submitted to ISO with a complete set of certified construction drawings, specifications and available soil report from the design professional and contractor indicating the design standards and the building construction inspection program to be utilized.

#### 2. Deductibles

##### a. General Information

All rates for property damage coverage are based on a base deductible percentage. The base deductible percentages are shown in the state rates. Refer to Paragraph **D.2.d.** for information on higher percentage deductibles.

Percentage deductibles are accommodated under Endorsement **CP 10 40**.

##### (1) Specific Insurance

The dollar amount of the deductible will be equal to a percentage of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

##### (2) Blanket Insurance

The dollar amount of the deductible will be equal to a percentage of the value(s) of the property that has sustained loss or damage. The values to be used are those shown in the most recent Statement of Values on file with the company.

##### (3) Value Reporting Forms And Builders Risk Insurance

For value reporting forms, the calculation of the deductible amount is based on reported values. There are variations for the situation where loss occurs prior to the first report, and for reports of value which show less than full values. If coverage is written blanket under a reporting form, the basis of the calculation is value at time of loss.

For builders risk insurance, the calculation of the deductible amount is based on value at time of loss.

#### **(4) Newly Acquired Or Constructed Property**

When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Declarations for any described premises.

#### **b. Application**

The deductible is calculated separately for, and applies separately to:

- (1)** Each building, if two or more buildings sustain loss or damage;
- (2)** The building and to personal property in that building, if both sustain loss or damage;
- (3)** Personal property at each building, if personal property at two or more buildings sustains loss or damage;
- (4)** Personal property in the open.

#### **c. Statement Of Values**

The Statement of Values for a blanket policy should contain sufficient detail – value of each building, value of personal property at each building, value of personal property in the open – to complement the procedure set forth in the endorsements.

#### **d. Earthquake Deductible Options**

Deductibles for building and personal property may be increased to a maximum of 40%, subject to application of credits. Multiply the rates at the base deductible by the appropriate factor as shown in Table **73.D.2.d.** in the state exceptions. Refer to the State Rates for the applicable Deductible Tier.

Refer to Paragraph **D.2.f.** for Flat-dollar deductibles as an alternative to percentage deductibles.

#### **e. Minimum Deductible – Steel Frame Of Building In Course Of Construction**

Policies covering exclusively on the steel frame of a building, while in the course of construction, may have a minimum deductible of 2%. There is no rate modification factor for the 2% deductible.

#### **f. Flat-dollar Deductibles**

Flat-dollar deductibles are accommodated under Endorsement **CP 10 28.**

##### **(1) Deductible Amounts**

Deductibles range from \$500 to \$1,000,000. Rate modification factors at each deductible amount vary based on deductible tier, building class and total property value.

The total property value is the sum of the 100% values of the building and business personal property in that building and property in the open, if such coverages apply. (Exception: If the deductible is written to apply once per occurrence at a multi-building location, then the "total property value" look-up for **each** building at that location is the **combined** total property value of all buildings at the location, including business personal property in those buildings and property in the open if such coverages apply.

##### **(2) Application Of Deductibles**

In each occurrence of loss, the deductible applies separately to each location. If the Schedule shows a deductible for a particular building, then that building is considered to be a separate location with respect to application of the deductible.

##### **(3) Flat-dollar Deductible Tables**

Multiply the rates by the appropriate factor as shown in the tables for Rule **73.** in the section of this manual titled Earthquake Flat Deductible Rating.

### **3. Territory**

Refer to the territory section for ZIP Code-based territory definitions to determine the territory applicable to the location of the property being insured.

### **4. Building Classification**

In cases of mixed construction where two or more types of construction each represent 10% or more of the total area of the building, apply the class which produces the highest rate.

Building classifications are as follows (any building which fully qualifies under more than one definition should be placed in the lower numbered classification):

**a. Completed Buildings**

**(1) Wood Frame Buildings**

**Class A1**

Wood frame or frame stucco buildings. Excluded are structures which are classified for fire as wood frame but have concrete-supported floors and/or some walls of unit masonry or concrete.

**(2) All-metal Buildings**

All-metal buildings. Wood or cement-asbestos are acceptable alternatives to metal roofing and/or siding.

**(3) Steel Frame Buildings**

**Class C1**

Buildings with a complete steel frame carrying all loads with floors and roofs of any material and with walls of any non-loadbearing materials.

**(4) Reinforced Concrete Buildings, Combined Reinforced Concrete And Structural Steel Buildings**

**(a) Class D1**

Buildings having all vertical loads carried by a structural system consisting of one or a combination of the following:

- (i)** Poured-in-place reinforced concrete frame.
- (ii)** Poured-in-place reinforced concrete interior and/or exterior walls.
- (iii)** Partial structural steel frame with Paragraph **D.4.a.(4)(a)(i)** and/or **D.4.a.(4)(a)(ii)**.

Floors and roofs must be of poured-in-place reinforced concrete, except that materials other than reinforced concrete may be used for the roofs of buildings over three stories.

**(b) Class D2**

Buildings having a reinforced concrete frame or combined reinforced concrete and structural steel frame. Floors and roofs may be of any material, while exterior and interior walls may be of any non-loadbearing materials.

**(c) Class D3**

Buildings having:

- (i)** Partial or complete load-carrying system of precast concrete; and/or
- (ii)** Reinforced concrete lift-slab floors and/or roofs; and
- (iii)** Otherwise qualifying for Classes D1 and D2.

**(5) Concrete Brick Or Block Buildings**

**(a) Class E1**

Buildings having load-bearing exterior walls of:

- (i)** Reinforced brick masonry; and/or
- (ii)** Reinforced hollow concrete block masonry.

**(b) Class E2**

Buildings having load-bearing walls of unreinforced brick, other unreinforced solid unit masonry, hollow tile or other hollow unit masonry construction and cavity wall construction. Floors and roofs may be of any material.

**(c) Class E3**

Buildings having load-bearing walls of adobe. Also included are buildings not covered by any other class.

**b. Buildings In Course Of Construction**

All buildings and special structures in the course of construction must be placed in accordance with the appropriate completed building or structure class. With an exception for Earthquake construction classes C1, D1 and E1, to which the following factor is not applicable, multiply the applicable Earthquake Coverage building or special structure rates by a factor of 0.495.

**c. Class 7 – Special Structures**

Table **73.D.4.c.** provides a list of special structures not qualifying as buildings. If a particular special structure is not listed in Table **73.D.4.c.** under Items **1.** through **11.**, refer to Item **12.** Special structures will receive the rate for the equivalent building classification.

All rates for property damage coverage are based on a base deductible percentage. Refer to Paragraph **D.2.d.** for information on higher percentage deductibles. Refer to Paragraph **D.2.f.** for information on flat-dollar deductibles. (Percentage deductibles are accommodated under Endorsement **CP 10 40**. Flat-dollar deductibles are accommodated under Endorsement **CP 10 28**.)

Equivalent Building Class	Base Deductible	Structure
E3	5 %	<ol style="list-style-type: none"> <li>1. Bridges</li> <li>2. Dams</li> <li>3. Greenhouses with glass walls and roofs</li> <li>4. Open- air swimming pools in excavations in the ground</li> <li>5. Radio and TV towers (steel)               <ol style="list-style-type: none"> <li>a. Not located on buildings</li> <li>b. Over 75 feet in height located on buildings</li> <li>c. Not over 75 feet in height located on buildings <b>Note:</b> Building Class &amp; Building Deductible Applies</li> </ol> </li> <li>6. Reservoirs – See "Dams"</li> <li>7. Sewage Treatment Plants</li> <li>8. Silos – See "Tanks at Ground Level"</li> <li>9. Stacks               <ol style="list-style-type: none"> <li>a. Steel</li> <li>b. Reinforced concrete</li> <li>c. Brick</li> </ol> </li> <li>10. Tanks               <ol style="list-style-type: none"> <li>a. Tanks at ground level                   <ol style="list-style-type: none"> <li>(1) Steel and reinforced concrete tanks                       <ol style="list-style-type: none"> <li>(a) Height to diameter ratio less than 1</li> <li>(b) Height to diameter ratio less than 1 to 2.5</li> <li>(c) Height to diameter ratio over 2.5</li> </ol> </li> <li>(2) Wood tanks                       <ol style="list-style-type: none"> <li>(a) Height to diameter ratio less than 1</li> <li>(b) Height to diameter ratio 1 and over</li> </ol> </li> </ol> </li> <li>b. Tanks on elevated towers                   <ol style="list-style-type: none"> <li>(1) Steel tank and tower</li> <li>(2) Reinforced concrete tank and tower</li> <li>(3) Wood tank and tower</li> <li>(4) Mixed construction</li> </ol> </li> </ol> </li> <li>11. Transmission lines or tramway tower</li> <li>12. Any structure not included above</li> </ol>
E3	5	
C1	5	
A1	5	
C1	5	
E3	5	
A1	5	
C1	5	
E2	5	
C1	5	
E2	5	
E2	5	
E2	5	
E3	5	
E3	5	
A1	5	
E3	5	

**Table 73.D.4.c. Class 7 Special Structures**

**d. Masonry Veneer Limitation**

The masonry veneer limitation of Endorsement **CP 10 40** (which excludes loss to exterior masonry veneer on wood frame walls but includes stucco on wood frame walls) may be deleted by entering the words "Including Masonry Veneer" in the Premises Description in the Declarations. Multiply the Class A1 building rate by the appropriate factor from Table **73.D.4.d.**

Percentage Of Total Exterior Wall Areas Faced With Masonry Veneer	Factor
10% – 50%	1.10
Over – 50%	1.15

**Table 73.D.4.d. Masonry Veneer Coverage Factors**

Where less than 10% of the total outside wall area is faced with masonry veneer, the masonry veneer limitation (excluding stucco) is not applicable, nor does it apply to indirect loss coverage.

**5. Personal Property Rate Grade**

Use the following Personal Property Index to develop personal property costs:

**a. Personal Property Grade 1**

Exceptionally high susceptibility to damage by earthquake; for example:

- Manufacturing – Gas Manufacturers – Chemical
- Mercantile – Beverage Stores – Liquor and Wine

**b. Personal Property Grade 2**

High susceptibility to damage by earthquake; for example:

- Manufacturing – Aircraft or Aircraft Parts Manufacturers – Aircraft or Aircraft Parts
- Mercantile – Electronics Stores – Electronics

**c. Personal Property Grade 3**

Moderate susceptibility to damage by earthquake; for example:

- Manufacturing – Publishers – Books or Magazines
- Mercantile – Boat and Marine Supply Dealers – Boat and Marine

**d. Personal Property Grade 4**

Slight susceptibility to damage by earthquake; for example:

- Manufacturing – Cement or Plaster Manufacturers – Cement or Plaster
- Mercantile – Floor Covering Distributors – Carpets and Rugs

**6. Coinsurance**

**a. Specific Insurance**

Multiply the 80% coinsurance building or personal property rate by the following factors to convert the 80% rate to 90% or 100% coinsurance.

Percent Of Coinsurance	Factor
90%	.95
100%	.90

**Table 73.D.6.a. Coinsurance Modification Factors – Earthquake**

**b. Blanket And Multiple Location Average Rated Coverages**

Refer to Rules 34., 35. and 36. for coinsurance rating procedures.

**E. Premium Determination**

**1. Rate Calculations**

**a. Property Damage Coverages**

(1)

Select the appropriate building or personal property rate from the state rates based on the following applicable items:

- (a) Deductible;
- (b) Territory;
- (c) Building classification;
- (d) Personal property rate grade;
- (e) Rating penalties (if applicable).

**(2) Soft Story**

Soft story refers to a particularly weak, flexible or otherwise vulnerable ground floor, most common in older, wood-frame, multi-story buildings. A soft story often features relatively large window and door openings and has fewer partitions (less bracing) than the overlying levels. Examples of structures with a soft story include an apartment building with storefronts on the ground floor or a house with the living space constructed over the garage. Excluded are buildings retrofitted or engineered to mitigate the seismic effects of soft story. Multiply building rate and personal property rate by the appropriate factor from Table 73.E.1.a.(2).

	<b>Building</b>	<b>Personal Property</b>
Soft-story Modification Factor	1.42	1.28

**Table 73.E.1.a.(2) Soft-story Modification Factors**

**b. Time Element**

Calculate the Earthquake rate for time element coverage using the base rate and time element factors as specified in Rules 50. and 52., except for buildings nine stories or over, multiply the Earthquake time element rate by the appropriate factor in Table 73.E.1.b..

<b>Number Of Stories</b>	<b>Rate Factor</b>
1 – 8	1.0
9 – 20	1.0
Over 20	1.0

**Table 73.E.1.b. Story Modification Factors**

Disregard the number of partial stories less than 15% of the ground floor area of the building. Also disregard basements. Where a story is more than 15 feet in height, consider each 15 feet (or greater fraction thereof) as equivalent to one story. In buildings with stories partially below grade level, such stories must be included in the story count for height where the story is accessible at grade level.

**c. Leasehold Interest Coverage**

Use the 80% coinsurance Earthquake building rate.

**d. Rate Factors**

Apply rate factors to the annual rates in the following order:

- (1) Coinsurance adjustment;
- (2) Factors or charges required by individual rules except as specified in Paragraph E.1.d. (3) or Paragraph E.1.d. (4);
- (3) Municipal tax charges unless local requirements dictate otherwise; and
- (4) Term or annual premium payment plan factor.

Apply additive factors before applying multiplicative factors except as otherwise specified in individual coverage rules.

**2. Premium Calculation**

Multiply the resulting rate by the Limit of insurance in hundreds to determine the premium.

**F. Territory Assignment**

1. A new ZIP Code may be created by the United States Postal Service (USPS), which may not yet be listed in this manual. If this is the case, to determine the rating territory for a risk located in a new ZIP Code, use the ZIP Code that formerly applied to the risk before the ZIP Code boundaries were changed.
2. Future USPS ZIP Code changes will be reflected in ISO's territory assignments in accordance with the ISO ZIP Code Territory maintenance procedures on file with the Insurance Department. This manual will be updated on a regular basis to reflect future ZIP Code changes.

**G. Building Code Enforcement**

Refer to the Additional Rule titled Building Code Effectiveness Grading, in the state exceptions, for information which may affect Earthquake rating.

**74. OTHER CAUSES OF LOSS FORMS**

**A. Additional Exclusions**

**1. Explanation**

One or more of the following causes of loss may be excluded from coverage under the Causes of Loss – Basic, Causes of Loss – Broad and Causes of Loss – Special Forms:

- a. Windstorm or Hail;
- b. Vandalism;
- c. Sprinkler Leakage.

**2. Forms**

- a. Use Windstorm Or Hail Exclusion Endorsement **CP 10 54** to exclude Windstorm or Hail.
- b. Use Vandalism Exclusion Endorsement **CP 10 55** to exclude Vandalism.
- c. Use Sprinkler Leakage Exclusion Endorsement **CP 10 56** to exclude Sprinkler Leakage. Endorsement **CP 10 56** may be used for properties which have a sprinkler leakage exposure, whether these properties qualify for sprinklered (specific) rating or are non-sprinkler-rated. Endorsement **CP 10 56** may **not** be used on non-sprinkler-rated properties which do not have a sprinkler leakage exposure.

**3. Rates And Rate Modifications**

Paragraphs **A.3.a.**, **A.3.b.** and **A.3.c.** provide for certain modifications to Basic Group I and Basic Group II rates. Refer to Rule **70.F.1.c.** for the sequence of these and other rate calculations affecting Basic Group I and Basic Group II premium determination.

**a. Windstorm Or Hail**

When Windstorm or Hail is excluded, multiply the 80% coinsurance Basic Group II rate by the appropriate factor for the remaining causes of loss.

Symbol	Factor
AA (Superior Construction)	.350
A (Wind Resistive)	.350
All Other	.315

With respect to Rule **70.E.2.a.(1)**, disregard any numerical (multiplicative) prefix to the Basic Group II Symbol when determining the 80% coinsurance rate. Use the rate corresponding to the **letter symbol** only.

**b. Vandalism**

When Vandalism is excluded, multiply the 80% Coinsurance Basic Group I rate by the appropriate factor.

CSP Class Code	Classification Description	Vandalism Exclusion Factor
	All classes except those listed below:	0.98
	All property eligible for Special Fire Class rates (Class Code 1190) except Billboards and Signs (Not on Buildings)	0.95
0931	Automobile Parking Garages and Car Washes	0.85
1185	Billboards and Signs (Not on Buildings)	0.85
1150	Builders Risk (Completed Value Rate)	0.95

0841	Bowling Alleys	0.95
1650	Building Supply Yards Including Retail Lumber Yards, Coal and Coke Yards	0.95
0900	Churches and Synagogues	0.95
0757	Clubs, NOC, Including Fraternal and Union Halls	0.95
0846	Dance Halls, Ballrooms and Discotheques	0.95
0833	Drive-in Theaters	0.85
0196 0197 0198	Dwelling Written in Conjunction with Commercial Risks	0.95
1070	Fire Departments, Police, Sew- age, Water Works and Other Pub- lic Buildings	0.95
0951	Gambling Casinos – With Restaurants	0.95
0952	Gambling Casinos – Without Res- taurants	0.95
0755 0756	Golf Clubs, Tennis Clubs and Similar Sports Facilities With and Without Cooking	0.95
0701	Government Offices	0.95
0580	Greenhouses	0.95
0843	Halls and Auditoriums	0.95
1051	Museums, Libraries, Art Galleries (Non-profit)	0.95
0702	Non-governmental Offices and Banks	0.95
1000	Penal Institutions	0.95
0844	Recreational Facilities, NOC – Billiard and Pool Halls, Ice Rinks, Stadiums, Amusement Parks, Fair Grounds and Baseball Parks	0.95
1052	Schools, Academic	0.95

0913	Self-service Laundries and Dry Cleaners	0.95
0834	Skating Rinks – Roller Rinks	0.95
1180	Vacant Buildings	0.85
1190	Yard Property, NOC, Including Property in the Open	0.95

**Table 74.A.3.b. Vandalism Exclusion Factors**

**c. Sprinkler Leakage**

(1) Applicable to properties rated as sprinklered (RCP Code 4XXX)

Multiply 80% Coinsurance Group I rate by the applicable factor from the following table.

Construction (Code)	Buildings	Contents
Frame (1)	.92	.93
Joisted Masonry (2)	.93	.86
Non-Combustible (3)	.77	.81
Masonry Non-Combustible (4)	.81	.83
Modified Fire-Resistive (5) and Fire-Resistive (6)	.84	.87

**Table 74.A.3.c.(1) Sprinkler Leakage Factors**

(2) Applicable to properties having sprinkler leakage exposure but rated as non-sprinklered (RCP Code 1XXX, 2XXX or 3XXX)

Subtract the rate shown in the multistate rates from the Basic Group I rate.

(3) Applicable to properties having no sprinkler leakage exposure

Make no modification to the Basic Group I rate. (These properties are **not** eligible for Endorsement **CP 10 56.**)

**B. Molten Material**

**1. Description Of Coverage**

Property damage and time element policies may be extended to include loss resulting from accidental discharge of molten material.

**2. Form**

Use Molten Material Endorsement **CP 10 60.**

**3. Rate Determination**

Multiply the Basic Group I property damage rate or time element base rate by 0.10. (Refer to Rule **70.F.1.c.** for the sequence of rate calculations applicable to Basic Group I property damage rates and to Rules **50.D.2.** and **52.C.2.** for information on the time element base rate.)

**C. Pier And Wharf Additional Covered Causes Of Loss**

**1. Covered Causes Of Loss**

Pier And Wharf Additional Covered Causes Of Loss Endorsement **CP 10 70** extends the Basic and Broad Causes of Loss Forms to include loss caused by:

- a. Floating ice; or
- b. Collision of any vessel or floating object.

**2. Form**

Use Endorsement **CP 10 70.**

### 3. Eligibility

- a. Pier and wharf structures are eligible except floating structures or equipment not incidental to a fixed pier or wharf. However, eligible pier and wharf structures are covered property only if added to the policy by endorsement. Refer to Rule **30.C.2.** for use of Additional Covered Property Endorsement **CP 14 10.**
- b. Endorsement **CP 10 70** does not apply to property to which Causes Of Loss – Special Form **CP 10 30** applies. Refer to Paragraph **G.** for explanation of the procedure to override Watercraft Exclusion Endorsement **CP 10 35.**
- c. Endorsement **CP 10 70** may apply to property damage or time element coverages.

### 4. Rule Of Application

If attached, Endorsement **CP 10 70** must apply to all eligible pier and wharf items in the same policy.

### 5. Rates

Use the 80% coinsurance property damage rates shown in the multistate rates.

## D. Radio Or Television Antennas

### 1. Description Of Coverage

Under this form, the Special Exclusion related to radio or television antennas in the Causes of Loss Forms is modified to cover loss of business income due to damage to radio or television antennas including their lead-in wiring, masts or towers.

### 2. Form

Use Radio Or Television Antennas – Business Income Or Extra Expense Endorsement **CP 15 50.**

### 3. Premium Determination

Use the rates and rating procedures that apply to the Business Income Coverage Form. Obtain the Group II rate for radios and television antennas from the state rates.

## E. Radioactive Contamination

### 1. Description Of Coverage

This form extends property damage and time element coverage to cover loss caused by sudden and accidental radioactive contamination including resultant radiation damage to described property arising from material used or stored on the described premises. The form does not provide coverage if there is a nuclear reactor or any new or used nuclear fuel elements on described premises.

### 2. Form

Use Radioactive Contamination Endorsement **CP 10 37.** Designate on the Declarations whether the coverage is:

- a. Limited (coverage provided for radioactive contamination resulting from a covered cause of loss), or
- b. Broad (coverage provided for radioactive contamination without the requirement that it result from a covered cause of loss).

### 3. Eligibility

- a. Do not use Endorsement **CP 10 37** if use and storage of radioactive material exceeds quantities provided for in the Rating Plan for Radioactive Contamination Assumption.
- b. Do not use the Limited Radioactive Contamination option when the Causes Of Loss – Special Form applies.

### 4. Rules

#### a. Coverages Applicable

Endorsement **CP 10 37** applies to property damage or time element coverage forms.

#### b. Blanket Insurance

If Endorsement **CP 10 37** is not to apply to all buildings or personal property included in a blanket item:

- (1) Designate in the Declarations the specific building(s) or personal property to which it applies;
- (2) Show a separate radioactive contamination limit of insurance for the designated building(s) or personal property item(s); and
- (3) Apply the same coinsurance percentage that applies to the other covered causes of loss.

### 5. Rates

Apply to ISO.

## **F. Sprinkler Leakage – Earthquake Extension**

### **1. Description Of Coverage**

The Basic, Broad and Special Causes of Loss Forms may be extended to include sprinkler leakage loss caused by earthquake, volcanic eruption, explosion or effusion.

### **2. Form**

Use one of the following endorsements:

- a.** Use Earthquake And Volcanic Eruption Coverage With Percentage Deductible Endorsement **CP 10 40** or Earthquake And Volcanic Eruption Coverage With Flat-dollar Deductible Endorsement **CP 10 28** and indicate in the Schedule or Declarations that such endorsement is being used to cover "Earthquake – Sprinkler Leakage Only". The "Earthquake – Sprinkler Leakage Only" Option appears under Additional Covered Causes Of Loss in these endorsements. The Earthquake And Volcanic Eruption deductible does not apply to this coverage; the Fire deductible applies instead.
- b.** Use Earthquake And Volcanic Eruption Coverage (Sub-limit Form With Percentage Deductible) Endorsement **CP 10 45** or Earthquake And Volcanic Eruption Coverage (Sub-limit Form With Flat-dollar Deductible) Endorsement **CP 10 29** and indicate in the Declarations (or in Earthquake – Volcanic Eruption Coverage Schedule (Sub-limit Form) **CP DS 06**) that such endorsement is being used to cover "Earthquake – Sprinkler Leakage Only". Select a limit of insurance lower than the limit which applies to other perils; the selected limit of insurance applies on an annual aggregate basis. The "Earthquake – Sprinkler Leakage Only" Option appears under Additional Covered Causes Of Loss in these endorsements. The Earthquake And Volcanic Eruption deductible does not apply to this coverage; the Fire deductible applies instead.

### **3. Definition Of Susceptibility Gradings**

Use the following Susceptibility Gradings to develop rates for Personal Property:

#### **a. Slight (S)**

Slight susceptibility to damage by water, for example:

- Alcoholic Beverages
- Automobile Parts
- Canned Goods
- Safes

#### **b. Moderate (M)**

Moderate susceptibility to damage by water, for example:

- Aircraft Parts
- Baked Products
- Household Appliances
- Lamps

#### **c. High (H)**

High susceptibility to damage by water, for example:

- Antiques
- Artists Materials
- Books
- Jewelry

### **4. Rules**

#### **a. Restriction**

Rule **74.F.**, including rating instructions, applies only to "Earthquake – Sprinkler Leakage Only" Coverage as written under Endorsement **CP 10 28**, **CP 10 29**, **CP 10 40** or **CP 10 45**.

#### **b. Ineligibility Of Rating Plans**

Earthquake sprinkler leakage rates are not eligible for credit under any plan which provides rate credits for dispersal of risk.

**c. Coinsurance**

**(1) Specific Insurance**

- (a) Multiply the 80% coinsurance building or personal property rate by the applicable factors from Table **74.F.4.c.(1)(a)** to convert the 80% rate to the selected coinsurance percentage. Less than 80% coinsurance may be used when:
  - (i) Endorsement **CP 10 28** or **CP 10 40** is used with the Causes Of Loss – Basic Form **CP 10 10** and all Basic Form perils are written at less than 80% coinsurance.
  - (ii) Endorsement **CP 10 29** or **CP 10 45** is used with the Basic, Broad or Special Causes of Loss Form.

Percent Of Coinsurance	Factor
100 %	0.90
90	0.95
80	1.00
70	1.09
60	1.23
50	1.44
40	1.74
30	2.21
20	3.12
10	5.63

**Table 74.F.4.c.(1)(a) Coinsurance Modification Factors – Earthquake Sprinkler Leakage**

- (b) For coinsurance percentages not shown in Table **74.F.4.c.(1)(a)**, interpolate using the factors for the nearest coinsurance percentages above and below the selected coinsurance percentage. Refer to the following example. Do not round until the final step of the interpolation procedure.
  - (i) If the selected coinsurance percentage is 32%, the nearest coinsurance percentages for which factors are shown are percentages of 30% and 40%.
  - (ii) For 30%, the modification factor is 2.21 and for 40% the modification factor is 1.74.
  - (iii) Calculate the difference between the two factors.  
 $2.21 - 1.74 = .47$
  - (iv) Calculate the difference between the selected coinsurance percentage (32%) and the lower percentage (30%), as decimals.  
 $.32 - .30 = .02$
  - (v) Calculate the difference between the higher and lower coinsurance percentages, as decimals.  
 $.40 - .30 = .1$
  - (vi) Multiply the result of Paragraph (iii) by the result of Paragraph (iv) and divide by the result of Paragraph (v).  
 $.47 \times .02 \div .1 = .094$
  - (vii) Subtract the result of Paragraph (vi) from the modification factor for the lower coinsurance percentage. Round the factor to three decimal places. The result is the modification factor for a coinsurance percentage of 32%.  
 $2.21 - .094 = 2.116$  (rounded to 2.116)

**(2) Blanket And Multiple Location Average Rated Coverages**

Refer to Rules **34.**, **35.** and **36.** for coinsurance rating procedure for blanket and multiple location average rated coverages.

**5. Rate Determination**

- a. Refer to Rule **73.D.4.** to obtain Earthquake Building Classifications.
- b. Refer to Table **73.D.3.** and/or the territory section, in the state exceptions, to determine the territory applicable to the location of the property being insured.
- c. Select an Earthquake **building** loss cost from Rule **73.** in the state rates, based on building classification and territory.

- d. To obtain the building and personal property rates for "Earthquake – Sprinkler Leakage Only" Coverage, multiply the Earthquake non-sprinklered building rate by the appropriate factor from Table 74.F.5.d.

Building	Personal Property		
	S	M	H
0.210	0.210	0.315	0.420

**Table 74.F.5.d. Sprinkler Leakage – Earthquake Extension Factors**

- e. If a deductible other than the base deductible applies to Fire, modify the Earthquake – Sprinkler Leakage Only rate by the appropriate factor for Other Causes Of Loss under Rule 81.
- f. If coverage is written under Endorsement **CP 10 29** or **CP 10 45**, multiply the Earthquake – Sprinkler Leakage Only rate by .999. The factor of .999 accounts for the reduction in protection inherent in the use of an annual aggregate limit. (If the annual aggregate limit is to be increased, refer to Rules **75.C.3.** and **75.C.6.**)

**G. Watercraft Exclusion Buyback**

**1. Explanation**

- a. Endorsement **CP 10 35** may be attached if:
- (1) The policy covers waterfront property under Endorsement **CP 14 10** (retaining walls that are not part of a building; bulkheads; pilings; piers; wharves; docks); and
  - (2) The waterfront property is subject to Form **CP 10 30**.  
See Rule **30.C.2.** for use of Endorsement **CP 14 10**.
- b. Endorsement **CP 10 35** may be omitted from the policy with respect to the property listed in Paragraph **1.a.(1)**, for an additional charge.

**2. Eligibility**

- a. Buildings or structures eligible for Form **CP 10 30** are eligible for the Watercraft Exclusion Buyback except for floating structures or equipment not incidental to a fixed pier or wharf.
- b. This buyback does not apply to property to which Causes of Loss – Basic or Broad Forms apply. Refer to Paragraph **C.** for explanation of Endorsement **CP 10 70**.
- c. This buyback may apply to property damage or time element coverages.

**3. Rule Of Application**

When Endorsement **CP 10 35** is omitted it must be omitted from all eligible items in the same policy.

**4. Rates**

Use the 80% coinsurance property damage rates shown in the multistate rates.

**H. Theft Of Building Materials And Supplies (Other Than Builders Risk)**

**1. Description Of Coverage**

Coverage may be provided for theft of building materials and supplies intended to become a permanent part of the building or structure.

**2. Form And Eligibility**

Theft Of Building Materials And Supplies (Other Than Builders Risk) Endorsement **CP 10 44** may be attached to the Building And Personal Property Coverage Form or the Condominium Association Coverage Form, but only if the Causes of Loss – Special Form applies without a theft exclusion.

**3. Rules**

**a. Description**

Enter a description of the building or structure in the Schedule of Endorsement **CP 10 44**.

**b. Limit Of Insurance**

Enter a limit of insurance in the Schedule of Endorsement **CP 10 44**.

**c. Special Deductible**

The applicable deductible is the deductible that otherwise applies to theft at the described premises, unless a Special Deductible is shown in the Schedule of Endorsement **CP 10 44**. If an occurrence of theft involves building materials or supplies as well as other Covered Property, the highest applicable deductible will apply to the entire loss.

#### **4. Premium Determination**

Refer to the multistate rates. Develop an additional premium by multiplying the rate by the limit of insurance (in hundreds) for Endorsement **CP 10 44**.

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## 75. EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT (SUB-LIMIT FORM)

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### A. Description Of Coverage

This insurance provides coverage for loss by earthquake and volcanic eruption, explosion or effusion at a limit of insurance lower than the limit for other causes of loss, subject to an annual aggregate.

### B. Forms

1. Use Earthquake And Volcanic Eruption Coverage (Sub-limit Form With Percentage Deductible) Endorsement **CP 10 45** or Earthquake And Volcanic Eruption Coverage (Sub-limit Form With Flat-dollar Deductible) Endorsement **CP 10 29**.
2. Use Earthquake – Volcanic Eruption Coverage Schedule (Sub-limit Form) **CP DS 06** with the aforementioned endorsements.
3. When coverage is written with a percentage deductible (Endorsement **CP 10 45**), use a Statement of Values except for Builders Risk non-reporting coverage. The amount of the percentage deductible is determined as a percentage of the stated value of property.

### C. Rules

#### 1. Coinsurance

The Coinsurance Condition does not apply to the coverage provided under Endorsement **CP 10 45** or **CP 10 29**.

#### 2. Specific And Blanket Insurance

- a. For policies containing more than one item of covered property, Earthquake – Volcanic Eruption Coverage may apply to any or all items. Designate in the Schedule (**CP DS 06**) or in the Declarations the items to which Endorsement **CP 10 45** or **CP 10 29** applies.
- b. Insurance under Endorsement **CP 10 45** or **CP 10 29** may be written on a specific or blanket basis. Enter the selected limit(s) of insurance in the Schedule (**CP DS 06**) or in the Declarations.
- c. A single blanket limit may be written for all property, locations and coverages (e.g., property damage and time element) under a policy. Or, different blanket limits may be written for different groups of items, locations and coverages. For rating instruction on combining property damage coverage with time element coverage, refer to Paragraph **C.6.d**.
- d. When Earthquake – Volcanic Eruption Coverage is written under a blanket limit(s), with other perils subject to specific limits, the specific limit is the maximum amount recoverable for an earthquake or volcanic eruption loss to the affected property or coverage.

#### 3. Limits Of Insurance

- a. The limit of insurance under Endorsement **CP 10 45** and **CP 10 29** is an annual aggregate limit, which applies to the total of all loss or damage that is caused by earthquake or volcanic eruption in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one earthquake or volcanic eruption during that period of time. If the first earthquake or volcanic eruption does not exhaust the limit of insurance, then the balance of that limit is available for a subsequent earthquake or volcanic eruption.
- b. Endorsement **CP 10 45** and **CP 10 29** includes an Increased Annual Aggregate Limit Option. Under this option, the annual aggregate is two times the limit of insurance; but the limit of insurance remains the maximum amount recoverable for a single earthquake or volcanic eruption. Indicate in the Schedule (**CP DS 06**) or in the Declarations whether the Increased Annual Aggregate Limit Option applies.
- c. The limit of insurance stated for Earthquake – Volcanic Eruption is the maximum amount recoverable for loss or damage by earthquake or volcanic eruption. The Earthquake – Volcanic Eruption limit of insurance is **not** in addition to the limit of insurance that applies to other Covered Causes of Loss. For example, the maximum amount recoverable for the total of all loss or damage caused by an earthquake and fire resulting from the earthquake is the limit of insurance applicable to Fire.
- d. Amounts payable under Additional Coverages and Coverage Extensions do not increase the Earthquake – Volcanic Eruption limit of insurance.

#### 4. Deductibles

- a. Under Endorsement **CP 10 45**, Property damage coverage is subject to a percentage deductible which applies to the value of property that sustains damage by earthquake or volcanic eruption. The value to be used in determining the deductible amount is the value stated in the Statement of Values, or in the Report of Values for reporting form policies. For Builders Risk non-reporting policies, the relevant value is the actual cash value of the damaged property as of the time of loss.
- b. For deductible percentages, refer to the tables under Paragraph **C.6.a.(5)** in the state exceptions. Enter the applicable deductible percentage(s) in the Schedule (**CP DS 06**) or in the Declarations.

- c. Under Endorsement **CP 10 29**, property damage coverage is subject to a flat-dollar deductible. Enter the applicable flat-dollar deductible(s) in the Schedule (**CP DS 06**) or in the Declarations. In each occurrence of loss, the deductible applies separately to each location. If a deductible is shown for a particular building, then that building is considered to be a separate location with respect to application of the deductible.

Flat-dollar deductibles range from \$500 to \$1,000,000. Refer to the tables for Rule **75**. in the section of this manual titled Earthquake Flat Deductible Rating. The tables provide for selection of a single factor that adjusts for both the deductible and insurance-to-value (sub-limit) level. Select the table based on the deductible tier and amount of the deductible. Within that table, select the factor shown at the intersection of the applicable building class, "total property value" and "insurance-to-value level" (sub-limit), subject to the following:

- (1) The "total property value" is the sum of the 100% values of the building and business personal property in that building and property in the open, if such coverages apply. (Exception: If the deductible is written to apply once per occurrence at a multi-building location, then the "total property value" look-up for **each** building at that location is the **combined** total property value of all buildings at the location, including business personal property in those buildings and property in the open if such coverages apply.
- (2) To determine the "insurance-to-value level" (sub-limit), divide the actual limit of insurance by the 100% value of the insured property. For example, if a building has a value of \$1 million and is being insured for \$600,000, then the insurance-to-value level (sub-limit) is 60% ( $\$600,000 \div \$1,000,000 = .60$ ).

## 5. Options

- a. Refer to Paragraph **C.3.b.** of Rule **75**. for the Increased Annual Aggregate Limit Option.
- b. Endorsement **CP 10 45** may be used to limit coverage to "Earthquake – Sprinkler Leakage Only". This option is made applicable by appropriate entry in Schedule **CP DS 06** or in the Declarations. Refer to Rule **74.F**.
- c. The masonry veneer limitation in Endorsement **CP 10 45** (which excludes loss to exterior masonry veneer but includes stucco on wood frame walls) may be deleted. Indicate in Schedule **CP DS 06** or in the Declarations that the "Including Masonry Veneer" Option applies.

## 6. Rating

### a. Rate Determination – Sub-limit Form

- (1) Refer to Rule **73.D.1.** to obtain Earthquake Building Classification and Rule **73.D.5.** to obtain Personal Property Rate Grade.
- (2) Refer to the territory section for ZIP Code-based definitions to determine the territory applicable to the location of the property being insured.
- (3) Determine the deductible tier, which is specified for each territory in Rule **73**. in the state rates.
- (4) Select Earthquake loss cost(s) for building and/or personal property) from Rule **73**. in the state rates based on building classification, personal property rate grade if applicable, and territory.
- (5) If coverage is written under Endorsement **CP 10 45**, refer to Table **75.C.6.a.(5)** in the state exceptions for sub-limit factors. The applicable table is determined by deductible tier. The appropriate factor is determined based on building classification, sub-limit percentage and deductible percentage.

For sub-limit percentages not shown in Table **75.C.6.a.(5)**, interpolate using the factors for the nearest sub-limit percentages above and below the selected sub-limit percentage. Refer to the following example. Do not round until the final step of the interpolation procedure. The sub-limit factors shown in this example are for illustrative purposes only and are not necessarily the factors shown in the sub-limit factor tables of this manual.

- (a) If the selected sub-limit percentage is 32%, the nearest sub-limit percentages for which factors are shown are percentages of 30% and 35%.
- (b) Assume that for 30%, the sub-limit factor for deductible tier 2 at 5% deductible is 1.93 and for 35% the sub-limit factor for deductible tier 2 at 5% deductible is 1.77.
- (c) Calculate the difference between the two factors.  
 $1.93 - 1.77 = 0.16$
- (d) Calculate the difference between the selected sub-limit percentage (32%) and the lower percentage (30%), as decimals.  
 $0.32 - 0.30 = 0.02$
- (e) Calculate the difference between the higher and lower sub-limit percentages, as decimals.  
 $0.35 - 0.30 = 0.05$
- (f) Multiply the result of Paragraph **C.6.a.(5)(c)** by the result of Paragraph **C.6.a.(5)(d)** and divide by the result of Paragraph **C.6.a.(5)(e)**.  
 $0.16 \times 0.02 \div 0.05 = 0.064$

- (g) Subtract the result of Paragraph (f) from the factor for the lower sub-limit percentage. Round the factor to three decimal places. The result is the sub-limit factor for a sub-limit percentage of 32%.

$$1.93 - 0.064 = 1.866 \text{ (rounded to 1.866)}$$

- (6) If coverage is written under Endorsement **CP 10 29**, refer to the tables for Rule **75**. in the section of this manual titled Earthquake Flat Deductible Rating. The applicable table is determined by deductible tier and the amount of the flat-dollar deductible. The appropriate factor is determined based on building class, insurance-to-value level (sub-limit), and total property value.

For sub-limit percentages not shown on the tables for Rule **75**., interpolate using the procedure in Paragraph **75.C.6.a.(5)**.

**b. Rate Determination – Sub-limit Form – Property Damage Coverage**

- (1) Select the Earthquake building and/or personal property Earthquake Coverage loss cost.
- (2) If the building is over three stories in height, multiply the result of Paragraph **C.6.b.(1)** (building and/or personal property rates) by the appropriate factor from Table **73.D.8**. in the state exceptions. The appropriate factor is determined based on building classification and territory group.
- (3) If the building is sprinklered (meaning, there is an operable sprinkler system in any part of the building), multiply the result of Paragraph **C.6.b.(1)** or Paragraph **C.6.b.(2)** as applicable by a factor of 1.06.
- (4) If the Masonry Veneer Limitation of Endorsement **CP 10 45** or **CP 10 29** is deleted, multiply the **building** rate resulting from Paragraph **C.6.b.(1)**, **C.6.b.(2)** or **C.6.b.(3)** as applicable, by the appropriate factor from Table **73.D.4.d**.
- (5) If the building has a soft story, multiply the result from Paragraph **C.6.b.(1)**, or Paragraph **C.6.b.(2)**, **C.6.b.(3)** or **C.6.b.(4)** as applicable, by the appropriate factor from Table **73.E.1.a.(2)**.
- (6) To obtain the building and personal property rates for Earthquake And Volcanic Eruption Sub-limit Coverage, multiply the result from Paragraph **C.6.b.(1)**, or Paragraphs **C.6.b.(2)**, **C.6.b.(3)**, **C.6.b.(4)** or **C.6.b.(5)** as applicable, by the appropriate deductible/sub-limit factor in accordance with the information in Paragraphs **C.6.a.(5)** and **C.6.a.(6)**. The sub-limit percentage is the insurance-to-value ratio underlying the limit of insurance on the property.

**c. Rate Determination – Sub-limit Form – Time Element Coverage**

- (1) Select the Earthquake **building** loss cost.
- (2) Multiply the Earthquake building rate by the appropriate time element factor as specified in Rules **50**. and **52**.  
Under Rule **50**., select the time element factor for the coinsurance level that corresponds to the ratio of the Earthquake sub-limit to the estimated amount of annual business income. If this ratio is less than 50%, select the time element factor for no coinsurance.
- (3) To obtain the time element rate for Earthquake And Volcanic Eruption Sub-limit Coverage, multiply the result of Paragraph **C.6.c.(2)** by .999. The .999 factor accounts for the reduction in protection inherent in the use of an annual aggregate limit.

**d. Rate Determination – Sub-limit Form – Blanket Coverage For Property Damage And Time Element**

- (1) Determine the 100% values for both property damage and time element coverages. To obtain the 100% values for property damage coverage, use Statement Of Values Endorsement **CP 16 15**. For time element coverage, other than Extra Expense Only, use the annual net income as the 100% value. For Extra Expense Only Coverage, use the Extra Expense limit of insurance for other perils as the 100% value.
- (2) Sum the 100% values for both property damage and time element coverages.
- (3) Divide the blanket sub-limit by the result of Paragraph **C.6.d.(2)** to determine the sub-limit percentage.
- (4) For each item written under the blanket sub-limit, use the result from Paragraph **C.6.d.(3)**, the sub-limit percentage, to determine the sub-limit factor for that item. For property damage coverages, select the appropriate deductible/sub-limit factor in accordance with the information in Paragraphs **C.6.a.(5)** and **C.6.a.(6)**. For time element coverages, select a factor from multistate Table **50.E.3.b.#1** or **50.E.3.b.#2**. Apply a factor of 1.0 when coverage is for Extra Expense Only.
- (5) For each property damage item written under the blanket sub-limit, use the result from Paragraph **C.6.b.(1)** to Paragraph **C.6.b.(5)**, as applicable. (For time element items, use the result from Paragraph **C.6.c.(2)**).
- (6) For each item written under the blanket sub-limit, calculate the earthquake sub-limit rate by multiplying the earthquake sub-limit factor by the earthquake rate.
- (7) For each item written under the blanket sub-limit, multiply the 100% value determined in Paragraph **C.6.d.(1)** by the earthquake sub-limit rate determined in Paragraph **C.6.d.(6)**. Total the results of these calculations.

- (8) Divide the total determined in Paragraph **C.6.d.(7)** by the result of Paragraph **C.6.d.(2)** to determine the earthquake sub-limit blanket average rate.
- (9) Multiply the result of Paragraph **C.6.d (8)** by the blanket sub-limit (in hundreds) to develop the blanket sub-limit premium.

For an example, see the Rating Examples Appendix.

**e. Rating Of Increased Annual Aggregate Limit Option**

Refer to rating procedures implemented by the company in compliance with regulatory requirements.