

LOSS COSTS/RULES/FORMS – IMPLEMENTATION

MAY 15, 2024

COMMERCIAL PROPERTY

LI-CF-2024-053

COMMERCIAL PROPERTY MULTISTATE EARTHQUAKE DEDUCTIBLE OPTIONS AND RELATED RULES AND LOSS COST REVISIONS TO BE IMPLEMENTED IN TEXAS

KEY MESSAGE

We are implementing flat-dollar deductible options for earthquake/volcanic eruption, multistate and state-specific earthquake rules and loss costs revisions.

Effective Date: 10/1/2024

Filing IDs: [CF-2023-ODEQF](#) (Forms), [CF-2023-RDEQR](#) (Rules) and [CF-2023-REQL1](#) (Loss Costs)

BACKGROUND

In circular:

- [LI-CF-2023-125](#), we announced the submission of forms filing CF-2023-ODEQF, introducing multistate flat-dollar deductible options for earthquake/volcanic eruption.
- [LI-CF-2023-126](#), we announced the submission of rules filing CF-2023-RDEQR which revises Commercial Property multistate rules to reflect various enhancements pertaining to Earthquake coverage and state-specific rules and territories as a result of a related review of Earthquake loss costs.
- [LI-CF-2023-127](#), we announced the submission of loss cost filing CF-2023-REQL1, providing loss costs for revised Building classes and Earthquake territories and revising the Earthquake Personal Property rating procedure.

INSURANCE DEPARTMENT ACTION

The Texas Department of Insurance has approved filing CF-2023-ODEQF and acknowledged filings CF-2023-RDEQR and CF-2023-REQL1 as filed.

EFFECTIVE DATE

We do not establish an effective date for Commercial Property forms, rules and loss costs revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

COMPANY ACTION

Forms:

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of ISO's revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to State File Number(s) S715566 and SERFF Tracking Number ISO-133830872. Do NOT refer to this circular number or ISO Filing Number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Rules:

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of ISO's revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to State File Number(s) S715565 and SERFF Tracking Number ISO-133832245. Do NOT refer to this circular number or ISO Filing Number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Loss Costs:

You must independently determine the final rates you will use and the effective date of any rate change. If you decide to use our prospective loss costs to revise your rates, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to State File Number S715564 and SERFF Tracking Number ISO-133833189, NOT this circular number. Do NOT refer to this circular number or the ISO Filing Number.

CAUTION: This reference filing revises only certain advisory prospective loss costs for Commercial Property in this state. In determining whether or not to revise your rates, you should consider the application of your loss cost adjustments to any loss costs not included in this revision.

RATING SOFTWARE IMPACT

Forms:

New attributes being introduced with this revision:

- Additional information will be required from the policyholder to complete a rating calculation.
- New edition dates of an existing form number are being introduced.
- New forms are being introduced.

Rules/Loss Costs:

New attributes being introduced with this revision:

- Additional information will be required from the policyholder to complete a rating calculation.
- A new code is being introduced.
- Current loss costs are being withdrawn.
- Factors are being introduced and revised.
- Current factors are being withdrawn.
- New calculations are being introduced.
- An existing rating formula is being rewritten.

IMPACT ON STATISTICAL REPORTING

Statistical Plan Holders circular [SP-EQ-2022-001](#), entitled "Earthquake Coding Established", dated August 16, 2022, announced the establishment of Earthquake (EQ) Revised Building Classifications and Construction Codes as well as the establishment of a Soft Story Indicator in the Earthquake module of the CSP and CSP-i.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2024-016](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

Forms:

We will issue a Notice to Portfolioholders with an edition date of 10-24 (or the earliest possible subsequent date), along with any new and/or revised forms.

Rules/Loss Costs:

We will issue a Notice to Manualholders with an edition date of 10-24 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

REFERENCE(S)

- [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing
 - [LI-CF-2023-127](#) (10/06/2023) Texas Commercial Property Earthquake Loss Cost Revision Being Filed
 - [LI-CF-2023-126](#) (10/06/2023) Commercial Property Earthquake Rules Revisions Being Submitted In Texas
 - [LI-CF-2023-125](#) (10/06/2023) New Commercial Property Multistate Earthquake Deductible Options Being Submitted In Texas
 - [SP-EQ-2022-001](#) (08/16/2022) Earthquake Coding Established
 - [LI-CF-2018-114](#) (10/03/2018) Commercial Property Multistate Forms (edition 02 19) Available
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