



# **Umbrella and Excess Policies**

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# UMBRELLA PRIME and 2012 RATING PLAN

In 2015

- We adopted:
  - the AIG 2012 Rating Plan for all states.
  - the Umbrella Prime contract for all states except AK, VT and WA.

Refer to Underwriting Bulletins 15 UM, 15A UM and 15B UM from April, June & Dec. 2015.

Umbrella QwikNotes update of 4/6/15 introduced Umbrella Prime and detailed the 2012 rating plan by state.

- Cover-All Classic system support was not developed, because of the impending NexGen transition.
  - Umbrella Prime forms had to be manually attached.
  - An external Excel Rater was developed and the final premium per layer from the Rater had to be manually entered into Classic.

# UMBRELLA and NEXGEN

- 3/1/16 Umbrella Prime was adopted in WA.
- 8/1/17 NexGen Umbrella was launched.
- Resources for information
  - Underwriting Bulletins 5 UM and 5A UM from Feb. 2017.
  - NexGen Umbrella Training link under Library in NexGen includes forms lists, Florida GL pricing and other documents.
  - AIG Programs site. Go to: Product Lines – Excess/Umbrella/Underwriting
    - Forms lists
    - Qwik Notes
    - UM/UIM Rules
    - Using the External Rater to calculate rate increases on renewals.

# RATING UMBRELLA and EXCESS POLICIES

- AIG has proprietary filed rating plans which must be used.
- The rating plan is based on the headquarter state.
- The headquarter state can be different than the state for the mailing address.
- The same rating plan applies for umbrella and excess policies.
- The umbrella and excess pricing is based on schedule underlying insurance, but there is no charge for scheduling EL.

# NEXGEN PRODUCT OPTIONS

## UMBRELLAPRIME

- Admitted policies in all states except AK and VT.
- Nonadmitted policies for all states .
- CrisisResponse® is only offered when the scheduled AIG GL policy does not provide Crisis Response.

## STANDARDUMBRELLA

- Admitted policies in AK and VT.
- Not used for any nonadmitted policies.
- CrisisResponse® is not available.

## EXCESS POLICY

- Admitted or nonadmitted in all states
- CrisisResponse® is not available.

Your Program Underwriting Authority Statement will indicate if you have umbrella and/or excess authority.

# NEXGEN FORM RULES

The combination of

- Writing company
- Headquarter state
- Policy form

determines the dec. page, contract, mandatory forms and state specific forms including cancellation/nonrenewal notices that apply.

# SELECTING the WRITING COMPANY

actions > Quote New Umbrella Quote

Home Insureds Transactions List  
Lexington Insurance (Model)

Quote Umbrella Premium Summary

Save Cancel

Quote/Product Information

Product Umbrella

\* Company

\* Effective Date

Choose Company

Previous Next

17 - AIG Specialty Insurance Company

29 - National Union Fire Insurance Company

41 - Lexington Insurance Company

Business Description

DOT Number

\* NAICS Code

Doing Business As

State of Incorporation

Years of Operation

Search Keywords

**Select the writing company from the dropdown. This determines if the policy is admitted or non-admitted.**

# SELECTING the HEADQUARTER STATE



Administration | Logout | Search | Policy/Quote# | Go

Home Transactions Lists Library  
Lexington Insurance (Model)

Transactions > Quote New Umbrella Quote

Refresh Rate Complete Suspend

29-UD-40000110-0

**Umbrella**

- Underlying Policies
- Underlying Info
- Endorsements
- Schedule Rating
- Umbrella Layers Premium

Premium Summary

Save

Rated Premium : \$0

\* Headquarter State

\* City

\* Zip

\* Risk Location Code

Policy Form  Umbrella  Excess

Print Underlying Policy Numbers on Schedule of Underlying Insurance?  Yes  No

**Limits of Insurance**

\* Umbrella/Excess Limit

Exclude Products-Completed Operations Aggregate

SIR Applies?  Yes  No

\* SIR

The rating plan is determined by the headquarter state.

Select the policy limit.





# OPTION: UMBRELLA or EXCESS



Administration | Logoff | Search | Policy/Quote# | Go

Home Transactions Lists Library  
Lexington Insurance (Model)

Transactions > Quote New Umbrella Quote

Refresh Rate Complete Suspend

29-UD-400000110-0

## Umbrella

- Underlying Policies
- Underlying Info
- Endorsements
- Schedule Rating
- Umbrella Layers Premium
- Premium Summary

Save

Rated Premium : \$0

\* Headquarter State

\* City

\* Zip

\* Risk Location Code

Policy Form  Umbrella  Excess

Print Underlying Policy Numbers on Schedule of Underlying Insurance?  Yes  No

### Limits of Insurance

\* Umbrella/Excess Limit

Exclude Products-Completed Operations Aggregate

SIR Applies?  Yes  No

\* SIR

**Choose Umbrella for Umbrella Prime and Commercial Umbrella policies.**



3:19 PM  
1/17/2018

# NEXGEN UNDERLYING POLICIES SCREEN

The screenshot displays the 'Underlying Policies' screen in the NexGen system. The interface includes a navigation menu on the left with options like 'Underlying Info', 'Endorsements', and 'Schedule Rating'. The main area shows a table with columns for '\*Line of Business' and 'Description'. A 'Choose Line of Business' dialog box is open, listing several options: 'Auto Dealers or Garage Liability', 'Commercial Auto', 'Employers Liability', 'General Liability', and 'Miscellaneous Liability'. The dialog box also features a search bar and navigation buttons. The top of the screen shows the 'Home Transactions Lists Library' tabs and the 'Lexington Insurance (Model)' dropdown. The bottom of the screen shows the Windows taskbar with the Start button and system tray icons.

**You can select underlying policies that are in NexGen  
AND  
You can manually enter non-AIG policies**

# UNDERLYING POLICIES

- Select scheduled AIG policies
- Add non-AIG policies
- Writing company is mandatory – “To Follow” is not acceptable
- Policy numbers are not mandatory, but “TBD” is not acceptable
- Make sure that the underlying companies meet our A- VII A.M. Best rating requirement.

# NEXGEN RATING

- Ranges
  - The ranges displayed follow the rating plan for the headquarterstate.
  - The default is midpoint – the average account.
  - You can move up or down from midpoint in accordance with the rating plan.
  - AK, FL, HI, LA, MO and OH do not have ranges. You must use the rate shown.
- Justifications
  - Whenever you select a rate that is not the midpoint, but is within the range you must provide a justification why the exposure is less than or greater than the average account.
- Pricing outside ranges
  - Only program managers and product line managers have authority to approve a rate outside the range. Such approval is rarely granted.
  - Enter the approver's name and date.
  - Retain the email from the approver in the underwriting file.

# NEXGEN RATING

## Justification Reasons

- Refer to the Umbrella Rating section of Umbrella Qwik Notes.
- Must be relevant to the insured.
- Unacceptable reasons include competition, meeting expiring price, “x” told me to use this rate or good loss experience.
- If you need help with a justification reason reach out to your program manager.

## Schedule Rating

- Applies to all premium – GL, auto and miscellaneous.
- Option to use default reasons or other reasons.

You cannot use the same reasons for deviation from midpoint justification and schedule rating on the same policy.

# NEXGEN RATING

- Minimum Premiums (MP)
  - Most states have a \$1,000 MP.
  - AK, CA, FL, MO and WA have a \$500 MP.
  - If a layer rates above the MP, the layer premium is not reduced to the MP.
  
- Admitted vs Non-Admitted
  - Enter pricing justification reasons for nonadmitted policies so that your thought process is known.

# GENERAL LIABILITY PREMIUM

NexGen pulls the scheduled GL premium into the umbrella/excess.

## What's In

- Med Pay
- Sports Participants Coverage
- Injury to Leased Workers
- Waiver of Transfer Rights of Recovery
- Designated Project GenAgg.
- Designated Loc. Gen Agg.

## What's Out

- Damage to Premises Rented to You
- Corporate Identity Protection – user must manually select to add
- EBL – On the GL info screen check the box next to: Do you want to include Underlying EBL Coverage. The EBL premium will then be added to the GL Rating Info screen.
- Limited Product Withdrawal Expense
- Liquor Liability – user must select to add
- Pollution Liability - user must select to add
- Abuse or Molestation – user selects
- Conversion Coverage
- Terrorism
- Additional Insureds – user adds manually to All Other Premium

# GENERAL LIABILITY ADJUSTMENTS

## When to use the All Other Included Premium field

- GL commission reduction adjustments
- Additional insured premium charges
- GL premiums added by miscellaneous screens
- Liability deductibles

Select the checkbox to include the coverage and the premium.

Transactions > Quote New Umbrella Quote

Home Transactions Lists Library  
Lexington Insurance (Model)

Refresh Rate Complete Suspend

29-UD-40000092-0

Umbrella

- Underlying Policies
- Underlying Info (2)
- GL Rating Info**
- Auto Rating Info
- Endorsements
- Schedule Rating
- Umbrella Layers Premium
- Premium Summary

Save

Rated Premium : \$0

Coverage	AIG Underlying Premium	*Non-AIG Underlying	Include
Base General Liability		\$ 50,000	
Abuse & Molestation			<input type="checkbox"/>
Employee Benefits (EBL)			<input type="checkbox"/>
E&O			<input type="checkbox"/>
Pollution			<input type="checkbox"/>
Corporate Identity Protection (CIP)			<input type="checkbox"/>
Security Guard Coverage			<input type="checkbox"/>
Hired & Non-Owned			<input type="checkbox"/>
All Other Included Premium	\$ 2,000		

\* Included Premium Description

D&O Premium

Underlying GL Ratable Premium \$ 52,000

Enter the description of the All Other Included premium.



# GENERAL LIABILITY RATING ALGORITHM CHANGES

A programming change will be made during the first half of 2018 to:

- Adjust for commission reductions.
- Include additional insured premium.
- Adjust for liability deductibles.

# GENERAL LIABILITY PRICING

- Select Premises or Products – based on what the umbrella or excess loss is most likely to be.
- In Florida our filing dictates whether or not the umbrella or excess is to be rated as premises or products.
  - It is based on SIC codes.
  - When the headquarter state is FL the GL Rating tab will show the first two digits of SIC codes that require products pricing.
  - The list with full SIC code numbers and descriptions indicating which are rated as products and which are rated on premises is in the Quick Reference Guide (QRG) titled Florida SIC Codes in the NexGen Library tab under Umbrella Training.

# GENERAL LIABILITY RATING TAB

Select Premises or Products

Umbrella/Excess Rating Trigger  Premises  Products

Coverage	Minimum	Maximum	Default	Selected Mod	*Reason for Factor Change
liability	8%	30%	19%	25%	more than avg pedestrian traffic

Layers Premium

Min Premium

Split Factor?  Yes  No

Layer Limit	Minimum Factor	Maximum Factor	*Umbrella ILF	Umbrella Calculated Premium	Minimum Premium	Balance To Minimum
data to display						

\* Layer Option Selected

TRIA Charge

Total Transaction Premium

Justification for pricing above the midpoint.

# AUTOMOBILE

- The vehicle schedule from NexGen Auto pulls into NexGenUmbrella
- In Q1 2018 buses will be correctly assigned to LT, MT or bus based on seating capacity
- Users can only change vehicle schedules on policies where there are vehicles garaged in WV.
  - We cannot provide UM in WV if the underlying scheduled auto does not have UM for \$1MM
  - The system allows the user to manually remove the WV vehicles and a WV auto exclusion is attached. Auto coverage is available in other states.

# AUTO PRICING SCREEN

Home Transactions Lists Library  
 Lexington Insurance (Model) - [redacted]

Transactions > Quote New Umbrella Quote

Auto Rating Info

Save Rated Premium : \$0

Vehicle Types	Number of AIG Vehicles	Number of Other Carrier Vehicles	Minimum Rate/Unit	Maximum Rate/Unit	Default Rate/Unit	Selected Rate/Unit
nger - including HNOA			\$ 63	\$ 190	\$ 127	\$ 127.00
an - Up to 10,000 lbs (including 1-8 Passenger Vans)			\$ 127	\$ 253	\$ 190	\$ 190.00
k 10,001 lbs - 20,000 lbs (including 9-20 Passenger Vans)			\$ 190	\$ 443	\$ 317	\$ 317.00
20,001 lbs - 45,000 lbs			\$ 462	\$ 770	\$ 616	\$ 616.00
Truck - Over 45,000 lbs			\$ 605	\$ 1,210	\$ 908	\$ 908.00
r 45,000 lbs			\$ 963	\$ 1,650	\$ 1,307	\$ 1,307.00
0 passengers			\$ 633	\$ 1,265	\$ 949	\$ 949.00
ehicles - Fire			\$ 479	\$ 798	\$ 639	\$ 639.00
ehicles - Police			\$ 215	\$ 358	\$ 287	\$ 287.00
ehicles - Ambulance			\$ 347	\$ 578	\$ 463	\$ 463.00

Auto Premium

Are there any Vehicles Registered or Garaged in VT, FL, WV, LA, or NH?  Yes  No

**These are the UM/UIM states for umbrella. Selecting "yes" will guide you through both providing or not providing UM/UIM.**



# JUSTIFYING AUTO DEVIATIONS



Transactions > Quote New Umbrella Quote

Home Transactions Lists Lexington Insurance (Model)

Auto Rating Info

Save Rated Premium : \$0

	Number of AIG Vehicles	Number of Other Carrier Vehicles	Minimum Rate/Unit	Maximum Rate/Unit	Default Rate/Unit	Selected Rate/Unit	Premium
		5	\$ 63	\$ 190	\$ 127	\$ 190.00	\$ 950.00
			\$ 127	\$ 253	\$ 190	\$ 190.00	\$ .00
			\$ 190	\$ 443	\$ 317	\$ 317.00	\$ .00
			\$ 462	\$ 770	\$ 616	\$ 616.00	\$ .00
			\$ 605	\$ 1,210	\$ 908	\$ 908.00	\$ .00
			\$ 963	\$ 1,650	\$ 1,307	\$ 1,307.00	\$ .00
			\$ 633	\$ 1,265	\$ 949	\$ 949.00	\$ .00
			\$ 479	\$ 798	\$ 639	\$ 639.00	\$ .00
			\$ 215	\$ 358	\$ 287	\$ 287.00	\$ .00
			\$ 347	\$ 578	\$ 463	\$ 463.00	\$ .00

Intermediate use

Premium \$ 950

A, or NH?  Yes  No

is://www-266m.aig.com/mic/portal/servlet/PageRenderer#

**Enter the justification reason for all auto deviations in the box.**



# NEXGEN FORM ATTACHMENT

- Mandatory forms should automatically attach.
- The TRIASIR, TRIAnotice and UM/UIM forms prefill.
- Some exclusions automatically attach if the same exclusion is on the scheduled GL.
- Other endorsements attach based on user screen input.
- Forms for manual attachment are located under the Forms tab.
- Item 16. Forms Management under Umbrella Training in NexGen's Library tab lists forms programmed to attach under certain conditions as well as forms available for manual attachment.
- If there is an exclusion on the GL policy you must attach the umbrella version of that exclusion to the umbrella policy.
- If you do not see a form you need contact your program manager.

**If you discover an error with form attachment logic or form availability please contact AIG Broker Services.**



# THREE FORM OPTIONS on the ENDORSEMENT TAB

These forms are on a separate tab, because an “either or” attachment logic is programmed.

Transactions > Quote New Umbrella Quote  
Lexington Insurance (Model) -

Home Transactions Lists Library

Refresh Rate Complete Suspend

29-UD-400000110-0

- Umbrella
  - Underlying Policies
  - Underlying Info
  - Endorsements**
  - Schedule Rating
  - Umbrella Layers Premium
- Premium Summary

Save Rated Premium : \$0

**Abuse and Molestation Exclusion**

Abuse and Molestation Exclusion Type  Physical Abuse, Sexual Abuse or Molestation Exclusion Endorsement  Sexual Abuse or Molestation Exclusion

**CrisisResponse**

CrisisResponse

\* CrisisResponse Type  Acts of Nature  Man-Made Only

**Fungus Exclusion**

Fungus Exclusion Type  Fungus Exclusion Endorsement  Fungus Exclusion With Edible Good Or Product Consumption Exception Endorsement

## Forms attachment logic:

1. **CrisisResponse® only appears when it is not on the scheduled primary. User option for Acts of Nature.**
2. **Abuse and Molestation Exclusion – follow program exclusion.**
3. **Fungus Exclusion – buyback for edible fungus is available.**



# QUOTES WITH MULTIPLE LIMIT OPTIONS

The highest limit displayed is the policy limit selected (see slide 6).

**GL deviation justifications are entered here.**

**By checking additional boxes NexGen will print quotes for those limits too.**

Minimum	Maximum	Default	Selected Mod	*Reason for Factor Change	AIG Approver
8%	30%	19%	25%	more than avg pedestiran traffic	

  

Minimum Factor	Maximum Factor	*Umbrella ILF	Umbrella Calculated Premium	Minimum Premium	Balance To Minimum	Umbrella Premium excluding TRIA	Quote Option
1.0000	1.0000	1.0000	\$ 13,500	\$ 1,000	\$ 0	\$ 13,500	<input checked="" type="checkbox"/>
.3000	.5000	.4000	\$ 5,400	\$ 1,000	\$ 0	\$ 5,400	<input type="checkbox"/>
.2000	.4000	.3000	\$ 4,050	\$ 1,000	\$ 0	\$ 4,050	<input type="checkbox"/>
.1500	.3500	.2500	\$ 3,375	\$ 1,000	\$ 0	\$ 3,375	<input type="checkbox"/>
.1000	.3000	.2000	\$ 2,700	\$ 1,000	\$ 0	\$ 2,700	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input type="checkbox"/>
.1150	.3000	.2075	\$ 2,801	\$ 1,000	\$ 0	\$ 2,801	<input checked="" type="checkbox"/>

\* Layer Option Selected: 11  
TRIA Charge: \$ 458  
Total Transaction Premium: \$ 46,289

