

### **Umbrella and Excess Policies**

February 2018

Sue Koch, AIG Programs

The material contained herein is proprietary to AIG and is intended for internal use by AIG employees and AIG's approved Program Administrators only. Unauthorized disclosure, dissemination, copying, or other use of this material without the express written permission of AIG is strictly prohibited.

## **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 that 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.

#### **STANDARD UMBRELLA**

- 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**

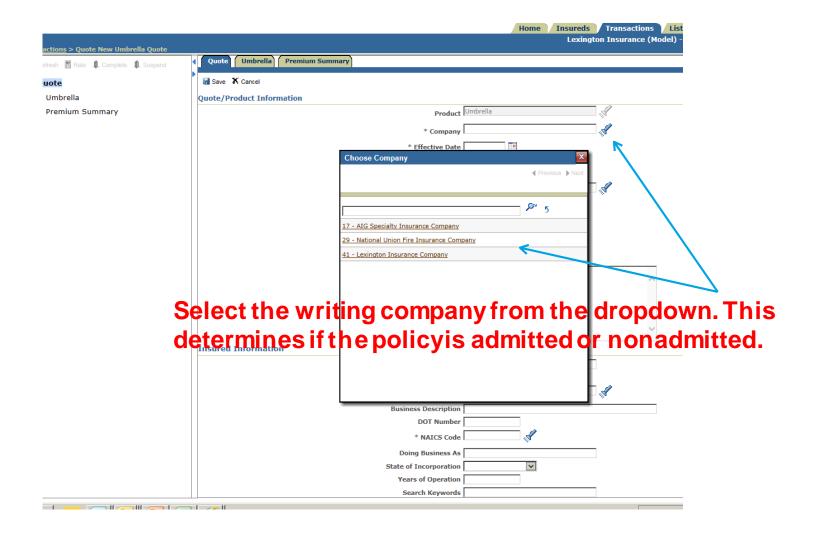
### The combination of

- Writing company
- Headquarterstate
- Policyform

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

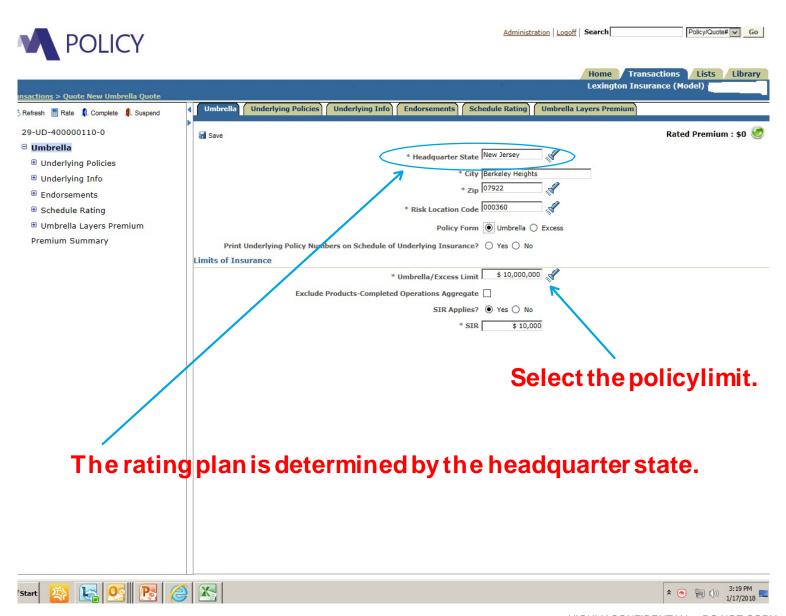


## **SELECTING the WRITING COMPANY**



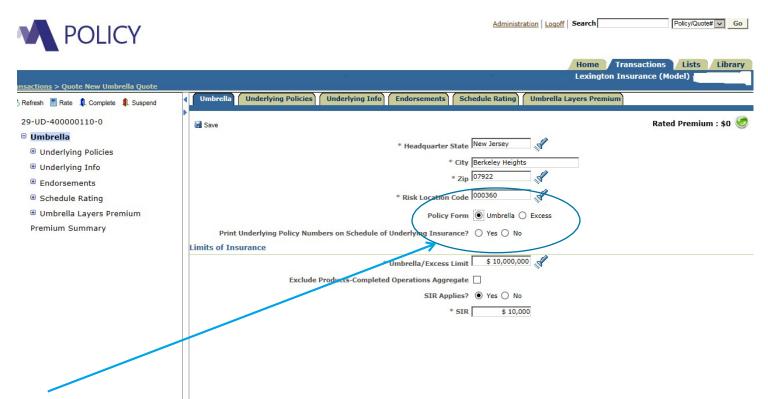


# **SELECTING the HEADQUARTER STATE**





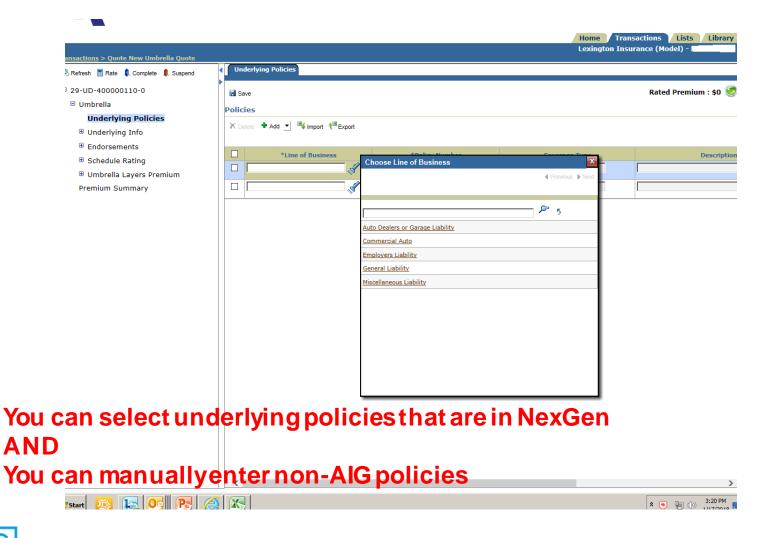
## **OPTION: UMBRELLA or EXCESS**



Choose Umbrella for Umbrella Prime and Commercial Umbrella policies.



## **NEXGEN UNDERLYING POLICIES SCREEN**





## **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

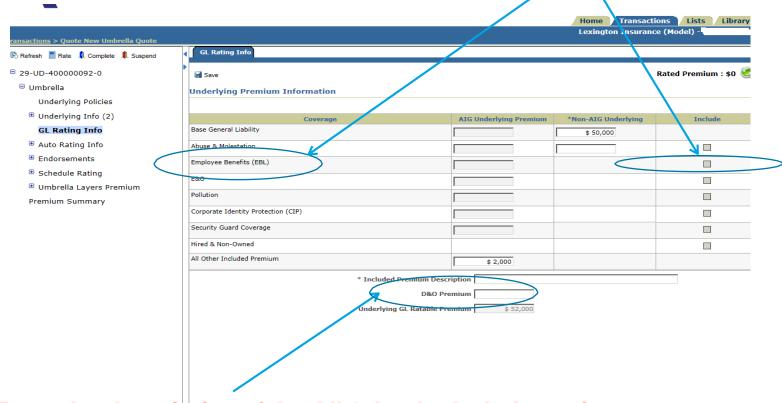
- Damage to Premises Rented to You
- Corporate Identity Protection user must manually select to add
- EBL- On the GL info screen check the box next to: Do you want to include Underlying EBL Coverage. The EBL premium will then be added to the GL Rating Info screen.
- Limited Product Withdrawal Expense
- 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

GLcommission reduction adjustments Additional insured premium charges GL premiums added by miscellaneous screens Liability deductibles Select the checkbox to include the coverage and the premium.



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

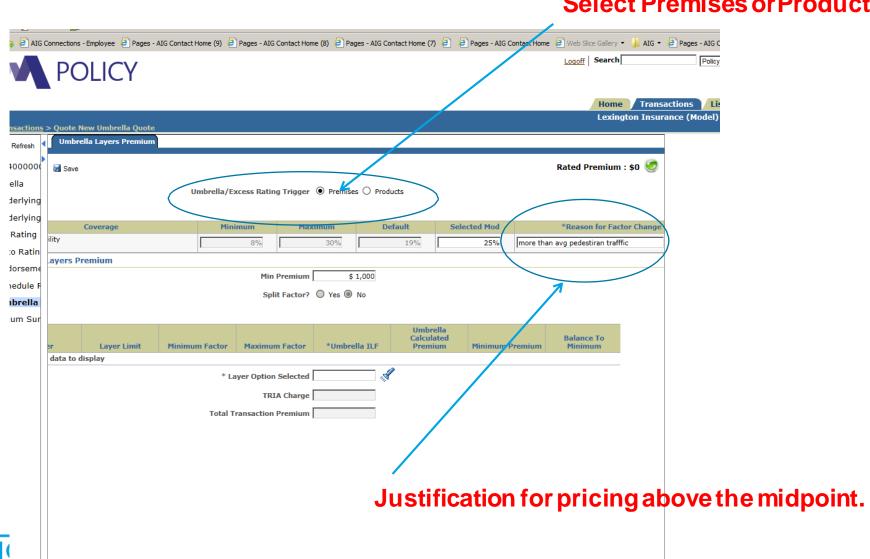
- Select Premises or Products based on what the umbrella or excess loss is most likely to be.
- In Florida our filing dictates whether or not the umbrella or excess is to be rated as premises or products.
  - It is based on SIC codes.
  - When the headquarter state is FL the GL Rating tab will show the 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**

AL - DO NOT COPY

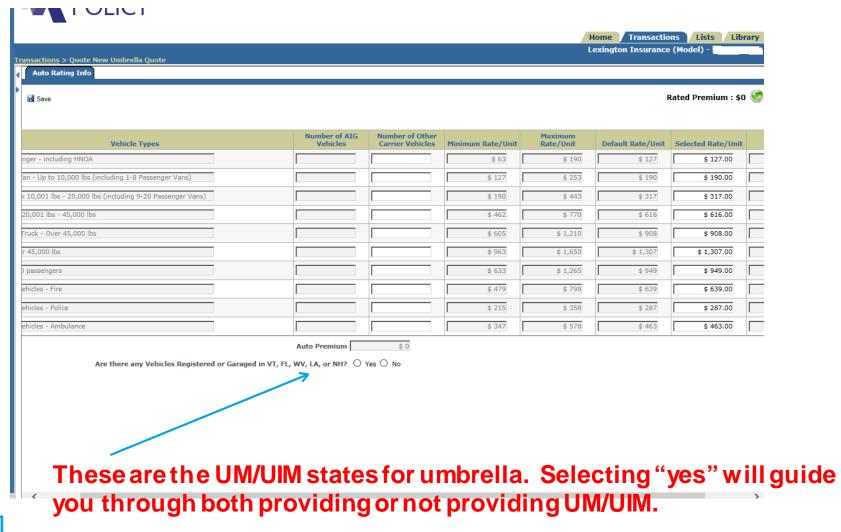


### **AUTOMOBILE**

- The vehicle schedule from NexGen Auto pulls into NexGen Umbrella
- In Q1 2018 buses will be correctly assigned to LT, MT or bus based on seating capacity
- Users canonly 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.

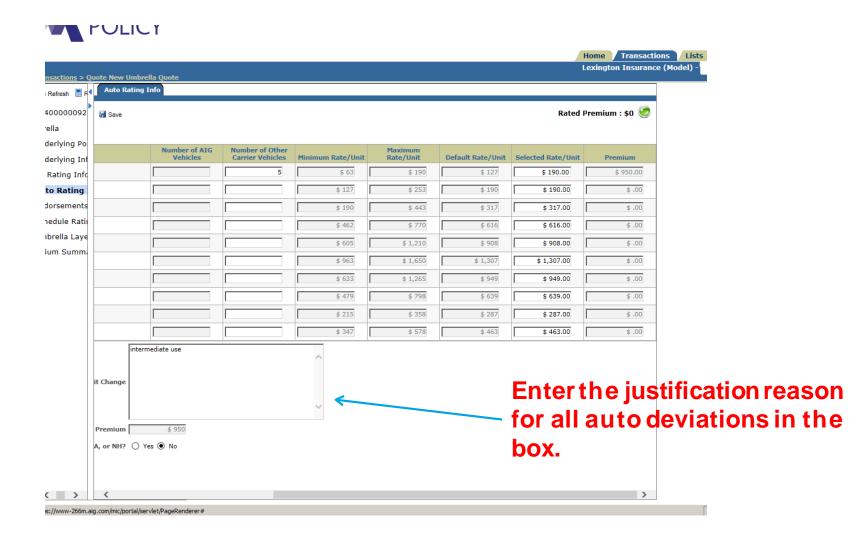


## **AUTO PRICING SCREEN**





# **JUSTIFYING AUTO DEVIATIONS**





### **NEXGEN FORMATTACHMENT**

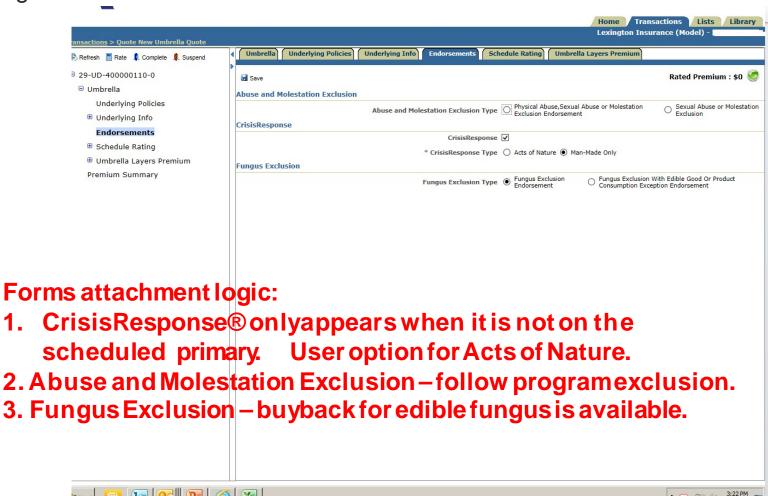
- Mandatory forms should automatically attach.
- The TRIASIR, TRIAnotice and UM/UIM forms prefill.
- Some exclusions automatically attach if the same exclusion is on the scheduled GL.
- Other endorsements attach based on user screen input.
- Forms for manual attachment are located under the Forms tab.
- 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 policyyou 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.





# **QUOTES WITH MULTIPLE LIMIT OPTIONS**

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

