**Rate Narrative**

**Rating rule pricing development**

**Customer’s Equipment in Your Care, Custody or Control**

**Optional Endorsement**

This endorsement is used on a property policy and provides coverage for damage to property of others in your care custody or control. Our actuarial study of the exposure determined the appropriate rates and premiums. This coverage is not currently offered by our competitors.

* A cross section of potential insured location exposures was completed in order to determine loss exposures inherent to the premises at which equipment will be located.
* Types of equipment subject to the coverage were identified, to ascertain susceptibility to loss.
* It was then determined that most appropriate approach to developing pricing for this endorsement is to consider the exposures to be similar to those covered under a Scheduled Property Floater – unscheduled locations.
* Premises exposure is determined to be low to moderate, susceptibility of equipment moderate to high, therefore a moderate exposure loss cost has been utilized.
* The average rate developed using this methodology is 1.20
* Applying deductible factors, based upon deductible to exposed limit ratios creates an average rate of 1.08
* We will round this rate to 1.00 for premium calculation purposes.
* Resulting premiums are:

Limit Premium

* $ 25,000 $ 250
* $ 50,000 $ 500
* $100,000 $ 1,000
* $200,000 $ 2,000
* $250,000 $ 2,500