

m=

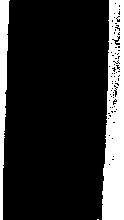
1 1;;.

r

?

,i

. *i*

1



**NOTICE OF INSURANCE DEPARTMENT APPROVAL**

**TO:** Mark Cenit

Michael Fiorito

**FROM:** Seth Seifman

State Filings Department (212) 820-4656

**DATE:** March 13, 1998

**PROGRAM: *AESTHETIC/ANS*** & ***ELECTROLOGISTS/DAY SPA PROGRAM***

Contents: FORMS AND RATES

|  |  |
| --- | --- |
| Professional Liability Insurance Declarations Page | 68317(7/97) |
| Professional Liability Insurance Policy | 68318(7/97) |
| Aestheticians & Electrologists/Day Spa Application | 68319(7/97) |

**STATE:**

**NEWYORK**

**EFFECTIVE:**

March 6, 1998

**MODIFICATIONS:** New York Aestheticians & Electrologists Endorsement - Form No. 69896(3/98)

New York Day Spa Endorsement - Form No. 69897(3/98)

New York Cancellation Nonrenewal Endorsement - Form No. 69898(3/98) New York Amendatory Endorsement - Form No. 69738(2/98)

New York Premises Liability Coverage Endorsement - Form No. 69739(2/98)

New York Retroactive Date Endorsement- 69740(2/98) Rates

**COMPANIES APPROVED:**

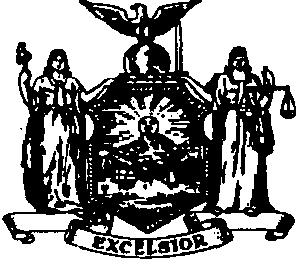
**NEW HAMPSHIRE INSURANCE COMPANY**

**FILING NUMBER: AIC-97-PR-11**



**e *;dtttt*** · **'it** + · **ft±S·'·Wr *m·zrW-7*** .. **JlSrt**

* - **an** *·1Zfs;··z* d:lf **tt¥f:fe'**



STATE OF NEW YORK INSURANCE DEPARTMENT

25 BEAVER STREET NEW YORK, NY 10004-2319

March 6, 1998

Seth Seifman Filings Analyst

State Filings Department New Hampshire Ins. Co. 160 Water Street, 23rd Floor New York, NY 10038

Re: New Hampshire Insurance Company

--- - -- -- -Aestheticians lectrologists-& Day-Spa-Program-- ---- ­ Initial Filing of Forms, Rates and Rules

Your File No. AIC-97-PR-11 Department File No. R98000623

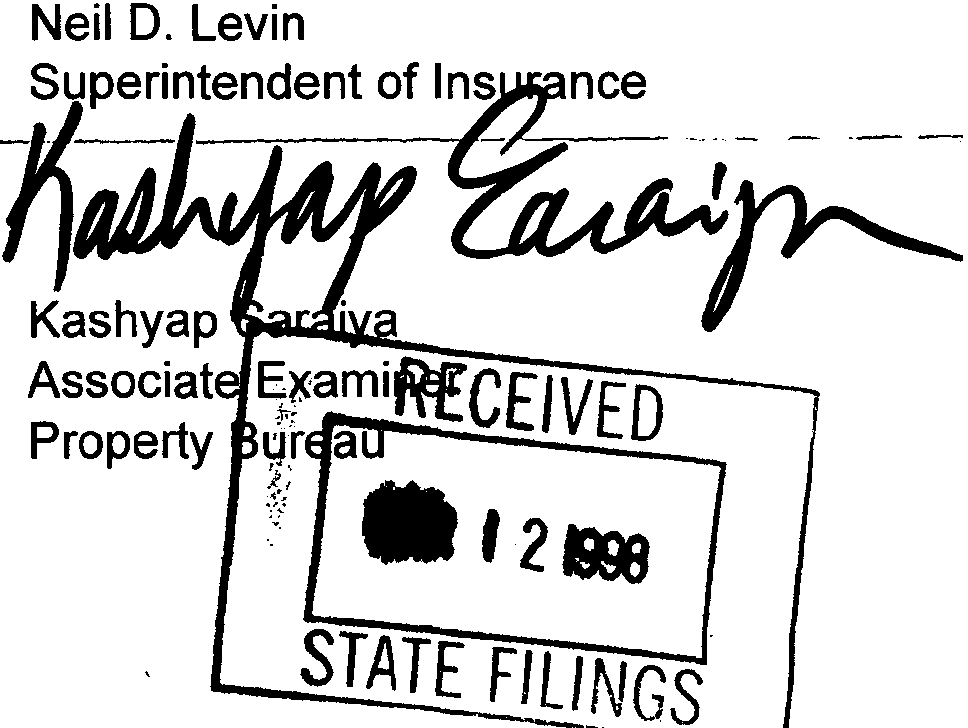
Dear Mr. Seifman:

This refers to your letter of February 6, 1998, submitting the captioned for approval. Reference is also made to your letters of February 10, 1998, March 5, 1998, and March 6, 1998 providing us with additional information.

The forms, as amended, are approved effective the date of this letter.

The manual of rates and rules, as amended, is placed on file and will also be considered effective the date of this letter.

Very truly yours,



L:\WORDDATAIPACICOMMLINEIKASHYAPIWORDIOFFICIAL\R98-0623.KCS

[http://www.ins.state.ny.us](http://www.ins.state.ny.us/)

03/06/98 FRI 16 07 FAX 212 785 8920 STATE RELATIONS !41001

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

\*\*\* TX REPORT \*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

TRANSMISSION OK

TX/RX NO CONNECTION TEL SUBADDRESS

2777

94805664

CONNECTION ID

ST. TIME 03/06 16:03

USAGE T 03'26

PGS. 9

RESULT OK

,1,1, 11. I

,..

. ..

. . . . . . . . . . . . . . . . . . . . . . .....:·.:·.•.:

. .. ... ' .......,

,,, 1

....,.

'''I I'

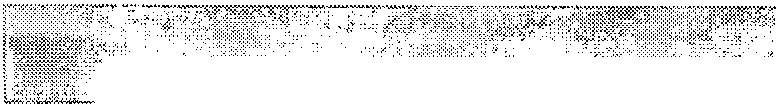


• •

**ll,lawwo asea1d D ** 



:a

-- - - -

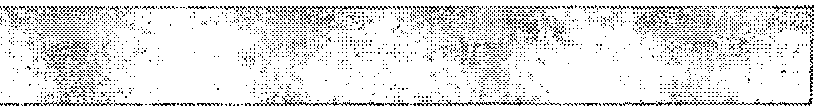
**American International Group**

State Filings Department 160 Water Street, 23rd Floor New York, NY 10038



racsimileifriliistnitta

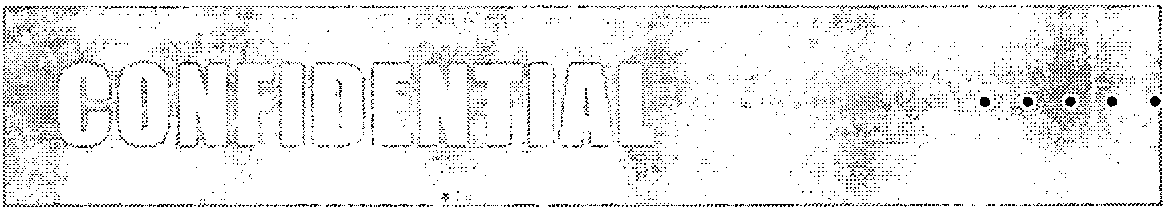
' .. ,.,\_:·,,Ai,'. ......... ·.,.,:,:.(.. ,', l,.', ,'°"'';)f:'·,



|  |  |  |  |
| --- | --- | --- | --- |
| **To:** Mr. Kayshap Saraiya |  | **Fax:** | 480-5664 |
| **From:** Seth Seifman |  | **Date:** | 03/06/98 |
| **Re:** AIC-97-PR-11 |  | **Pages:** | 25 (including cover) |
| **CC:** |  |  |  |
| **D Urgent D ForReview** | **D** | **Please Comment** | **D Please Reply D Please Recycle** |

• •

**Please see attached.**

. . . . . . . . . . . . . . . . . . . . . . .

**NEW HAMPSHIRE INSURANCE COMPANY** 8

Sent Via Facsimile

March 6, 1998

Executive Offices

70 Pine Street

New York, New York 10270

Tel: 212-770-7000

Direct Dial: 212.:.R&&..)o-\.J.br'ti

Mr. Kayshap Sai;aiya Associate Examiner

State of New York Insurance Department Property & Casualty Insurance Bureau 25 Beaver Street

New York, NY 10004

**Re: NEW HAMPSHIRE INSURANCE COMPANY NAIC #012-23841; FEIN #02-0172170**

**Professional Liability Insurance Program**

Company File Number: AIC-97-PR-11 Dear Mr. Saraiya

This letter refers to our telephone conversation of March 6, 1998. In response to your comments we offer the following:

1. The attached New York Retroactive Date Endorsement - Form No. 69740(2/98) states that payments made under retroactive date coverage apply toward the limits of liability of the first occurrence policy.
2. The attached Aestheticians & Electrologists Professional Liability Insurance Program New York Rules and Rates. Section H. Policy Forms now contains all the forms which will be distributed with this program in New York under the correct headings.
3. The attached Day Spa Professional Liability Insurance Program New York Rules and Rates. Section I. Policy Forms now contains all the fonrts which will be distributed with this program in New York under the correct headings.

We trust that this will enable you to complete your review of our filing. Your favorable consideration and approval are respectfully requested.

Very truly yours,

f J

Seth Seifman Filings Analyst

State Filings Department

60018 (3197) Insurance from The New Hamp,hire Insurance Company and other member .,,\_..1esof The New Hampshire lnsunnce Group **,llt** Member CompmJes of American lnmnational Group. Inc.

This endorsement, effective Policy No.

A.M. forms a part of

issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY

**New York Retroactive Date Endorsement**

This Policy is amended as follows:

In consideration of payment of an additional premium $ and for the purposes of this Endorsement only,

1. The Declarations page is amended to include the following: Retroactive Date
2. Coverage under this policy is extended to include **claims for wrongful acts** arising solely in the conduct of **your** activities as covered under this Policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period.**
3. In no event shall coverage offered by this Endorsement apply to any loss, **claim, or suit** reported to a prior insurance carrier nor shall coverage apply to any loss, claim or suit of which the **you** had knowledge prior to the inception date of this Endorsement.
4. Coverage offered by this endorsement shall be made available only to insureds previously covered by a claims made policy. In addition, there may be no gap in coverage between the termination of that claims made policy and the inception of this Policy.
5. Coverage offered by this endorsement shall apply toward the Limits of Liability of the first occurrence policy.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

69740(2/98)

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

**Aestheticians & Electrologists Professional Liability Insurance Program New York Rates & Rules**

* 1. **Program Background**

The Aestheticians & Electrologists Professional Liability Insurance Program is designed to provide professional liability insurance to businesses that offer aesthetician and/or electrology services.

An **aesthetician** is a person who practices aesthetics. Aesthetics means any one or a combination of the following skin care practices which are performed for cosmetic purposes.

* + - Massaging, cleansing, stimulating, manipulating, exercising, beautifying, or applying oils, creams, antiseptics, clays, lotions or other preparations, either by hand or by mechanical or electrical appliance.
    - Arching eyebrows or tinting eyebrows and eyelashes.
    - Removing superfluous hair by means other than electrolysis.

An **electrologist** is a person or practitioner of electrolysis. Electrolysis is defined as the eradication of unwanted hair for cosmetic purposes through the use of FDA approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act / $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable.

* 1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + - Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
    - Applicant must be licensed, if required by law.
    - Applicant may not average more than two claims per professional over the last three years.
    - Applicant must be in good financial shape with no prior bankruptcies.

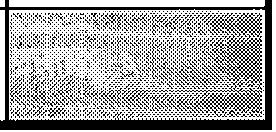
**New Hampshire Insurance Company Aestheticians & Electrologists Program**

* 1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Aesthetician | $200 | $75 | $264 | $99 |
| Electrologist | $200 | $75 | $264 | $99 |
| Hydrotherapy | $100 |  | $132 |  |
| Tub/Table | per unit |  | per unit |  |

A 50% discount shall apply to aesthetician or electrologist students.



Class

$1 Million/ $2 Million $2 Million/ $4 Million First Person Each Addt'l First Person Each Addt'l

* 1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

* 1. **Increased Limits**

See above. No other options are available.

* 1. **Optional Coverages**

Coverage Form# Premium Charge

* Additional Insured 68323(7/97)
* Retroactive Date 69740(2/98) Coverage (Prior Acts)

Included

Multiply premium times 1.35

* 1. **Application**

The Aestheticians & Electrologists Professional Liability Insurance Application, form 69896(3/98) must be completed for coverage.

* 1. **Policy Forms**

**New Hampshire Insurance Company Aestheticians** & **Electrologists Program**

**Mandatory Forms**

68317(7/97)

68318(7/97)

69896(3/98)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Aestheticians & Electrologists Endorsement

Aestheticians & Electrologists Professional Liability Insurance Application

**Optional Coverages**

68323(7/97) Additional Insured Endorsement 69740(2/98) New York Retroactive Date Endorsement

**State Amendatory Forms**

69739(2/98)

69738(2/98)

69898(3/98)

New York Premises Coverage Endorsement New York Amendatory Endorsement

New York Cancellation Nonrenewal Endorsement

**New Hampshire Insurance Company Day Spa Program**

**Day Spa Professional Liability Insurance Program New York Rates & Rules**

1. **Program Background**

The Day Spa Professional Liability Insurance Program is designed to provide professional liability insurance for Day Spa businesses. ·

A **Day Spa** is a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. Day Spa treatments may include any of the following:

* + Facials & Skin Cleansing
  + Exfoliation
  + Waxing
  + Body Wraps
  + Massage & Touch Therapy
  + Hydrotherapy
  + Aromatherapy
  + Oil Treatments
  + Mud, Clay & Seaweed Treatments
  + Tanning Beds
  + Manicure & Pedicure
  + Electrolysis by electrified needle, radio frequency energy, galvanic current or laser treatments
  + Personal Trainers / Exercise Equipment

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable.

1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate

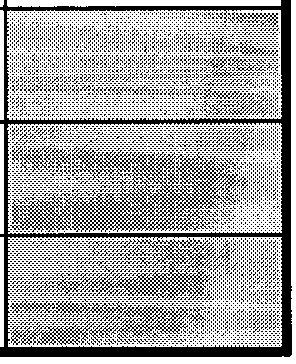
**New Hampshire Insurance Company Day Spa Program**

sufficient industry experience or expertise.

* Applicant must be licensed, ifrequired by law.
* Applicant may not average more than two claims per professional over the last three years.
* Applicant must be in good financial shape with no prior bankruptcies.

1. **Premiums**

The following premiums shall apply.



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Class | $1 Million/$2 Million First PersonEach Addt'l | | $2 Million/ $4 Million First Person Each Addt'l | |
| Aesthetician | $200 | $75 | $264 | $99 |
| Masseuse | $200 | $75 | $264 | $99 |
| Manicurist | $100 | $50 | $132 | $66 |
| Beauticians | $100 | $50 | $132 | $66 |
| Electrologist | $200 | $75 | $264 | $99 |
| Tanning Beds | $200 |  | $264 |  |
|  | per unit |  | per unit |  |
| Hydrotherapy | $100 |  | $132 |  |
| Table/Tub | per unit |  | per unit |  |
| Exercise Equipment | $100  per unit |  | $132  per unit |  |

1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Minimum Premium**

A $500 minimum policy premium shall apply.

**New Hampshire Insurance Company Day Spa Program**

1. **Optional Coverages**

Coverage

* + Additional Insured
  + Retroactive Date Coverage (Prior Acts)

1. **Application**

·Form#

68323(7/97)

69740(2/98)

Premium Charge Included

Multiply premium times 1.35

The Day Spa Professional Liability Application, form 68987(3/98) must be completed for coverage.

1. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

69897(3/98)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Day Spa Endorsement

Day Spa Professional Liability Insurance Application

**Optional Coverages**

68323(7/97) Additional Insured Endorsement 69740(2/98) New York Retroactive Date Endorsement

**State Amendatory Forms**

69739(2/98)

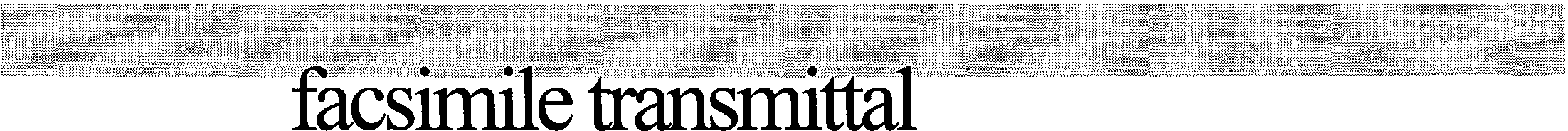
69738(2/98)

69898(3/98)

New York Premises Coverage Endorsement New York Amendatory Endorsement

New York Cancellation Nonrenewal Endorsement

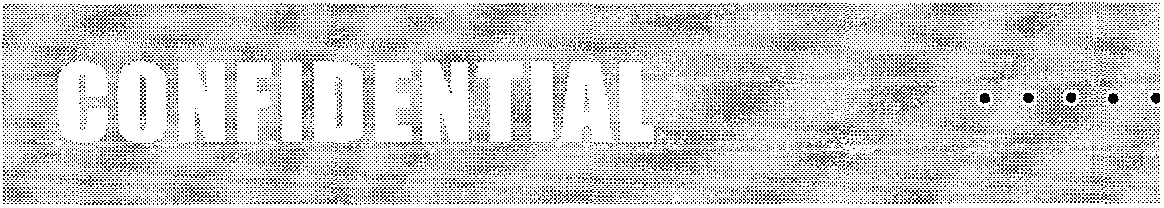
**American International Group**

State Filings Department 160 Water Street, 23rd Floor New York, NY 10038

|  |  |  |  |
| --- | --- | --- | --- |
| **To:** Mr. Kayshap Saraiya |  | **Fax:** | 480-5664 |
| **From:** Seth Seifinan |  | **Date:** | 03/05/98 |
| **Re:** AIC-97-PR-l l |  | **Pages:** | 25 (including cover) |
| **CC:** |  |  |  |
| **D Urgent D For Review** | **D** | **Please Comment** | **0 Please Reply D Please Recycle** |

• •

**Please see attached.**

. . . . . . . . . . . . . . . . . . . . . . .

03/05/98 THU 14:46 FAX 212 785 8920 STATE RELATIONS 001

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

\*\*\* TX REPORT \*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

TRANSMISSION OK

TX/RX NO CONNECTION TEL SUBADDRESS CONNECTION ID ST. TIME

USAGE T PGS. RESULT

2766

94805664

03/05 14:36

09'48

25

OK

,:

. ' *:.:.::.:.::.:.*

' ,.,. , .....

• • • • • • • • • • • • • • • • • • • • • • • , , .. •1., I• , ...

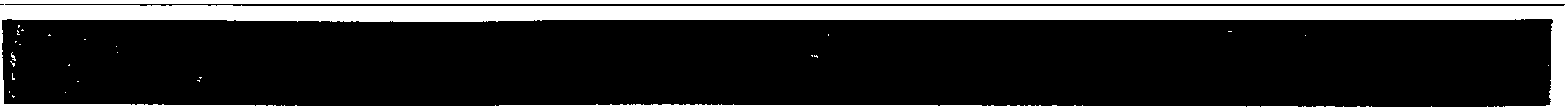
',, .. .. , .. '

**·pat.p e aas asea1d**

•

**llJa6.ln D**

**:e'tl**



**NEW HAMPSHIRE INSURANCE COMPANY** 9

**Executive Offices 70 Pine Street**

**New York, New York 10270**

**Tel: 212-770-7000**

**Direct Dial: 212-4¥t>-** *']* **lo** ··**·'\,'l.1,**

**Sent Via Facsimile**

March 5, 1998 ,;

Mr. Kayshap Saraiya Associate Examiner

State of New York Insurance Department Property & Casualty Insurance Bureau 25 Beaver Street

New York, NY 10004

**Re: NEW HAMPSHIRE INSURANCE COMPANY NAIC #012-23841; FEIN #02-0172170**

**Professional Liability Insurance Program**

Company File Number: AIC-97-PR-l l Dear Mr. Sarniya

This letter refers to our telephone conversation of March 3, 1998. In response to your comments we offer the following:

* 1. The attached Aestheticians - Electrologists - Day Spa Professional Liability Application, Form No. 68319(7/97). Form No. 68319(7/97) corrects the typographical error in the New York fraud warning that we had previously submitted to your department.
  2. The attached New York Aestheticians & Electrologist Endorsement - Form No. 69896(3/98), which replaces the previously submitted Form Number 68322(7/97). All the provisions of Form No. 69896(3/98) are correctly numbered. In addition, Exclusion 9 has been amended so that our coverage is no longer contingent on the existence of other coverage. In its place, we have substituted an exclusion stating that we do not intend to cover General Liability or Business Owners Package claims.
  3. The attached New York Day Spa Endorsement - Form No. 69897(3/98), which replaces the previously submitted Form Number 68321(7/97). All the provisions of Form No. 69897(3/98) are correctly numbered. In addition, Exclusion 8 has been amended so that our coverage is no longer contingent on the existence of other coverage. In its place, we have substituted an exclusion stating that we do not intend to cover General Liability or Business Owners Package claims.

**B (:w?)** lnammce from **The New Hampshire Insurance** Cor.\_:;**and other member companies** of **The New tbmpohire Insurance Group Member Companies *ol* American lruemarional Group,** Inc.

* 1. The attached New York Cancellation Nonrenewal Endorsement - Form No. 69898(3/98), which replaces the previously submitted Form No. 58241(10/95). Form No. 69898(3/98) contains the correct lead in language stating that it will be replacing both the Cancellation and When **We** Do Not Renew provisions.
  2. The attached New York Amendatory Endorsement - Form No. 69738(2/98). Form No. 69738(2/98) combines the two previously submitted amendatory endorsements. In addition, this endorsement clearly states that the deductible does not apply to claims expenses.
  3. The attached New York Retroactive Date Endorsement - Form No. 69740(2/98). Form No. 69740(2/98) contains a provision stating that retroactive date coverage is available only for an insured previously covered by a claims made policy and that there may be no gap in coverage between the termination of that claims made policy and the inception of this policy.
  4. The attached New York Retroactive Date Endorsement - Form No. 69740(2/98) no longer restricts the time period during which a claim can be made under retroactive date coverage. The endorsement, therefore, provides occurrence coverage.
  5. In addition, the attached New York Retroactive Date Endorsement - Form No. 69740(2/98) states that the limits ofliability of the retroactive date coverage will be identical to those of the first occurrence policy.
  6. The attached Aestheticians & Electrologists Professional Liability Insurance Program New York Rules and Rates. Section H. Policy Forms now contains all the forms which will be distributed with this program in New York under the correct headings.
  7. The attached Day Spa Professional Liability Insurance Program New York Rules and Rates. Section I. Policy Forms now contains all the forms which will be distributed with this program in New York under the correct headings.

We trust that this will enable you to complete your review of our filing. Your favorable consideration and approval are respectfully requested.

Very truly yours,

J,tk\_ *] :v·-1*

Seth Seifman Filings Analyst

State Filings Department

**New Hampshire Insurance Company**

**Home Office: 2005 Market Street, Philadelphia, PA 19103 Executive Offices: 70 Pine Street, New York, NY 10005**

**Aestheticians - Electrologists - Day Spa Professional Liability Insurance Application**

1. Primary Applicant Name:-----------------Policy Effective Date:-----------
2. Mailing Address:

3. Telephone:-------------------Fax:-----------------

1. Type of Ownership: 0 Corporation
2. **Type of Business:** O **Aesthetician**
3. Is the applicant part of a Franchise?

0Not for profit O Partnership O Sole Proprietorship (Individual)

0 **Electrologist** O **Day Spa** O **Other------------**

OYes ONo

1. Are there any locations the applicant owns that will not be specifically insured by this policy?
2. Location 1 Information (for additional locations, list information on separate sheet)

OYes ONo

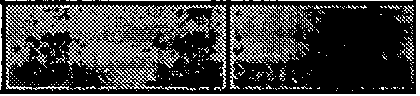
1. Location 1: Address: County: \_
2. Interest in building: 0 Tenant 0 Owner
3. Gross receipts (for this location): \_

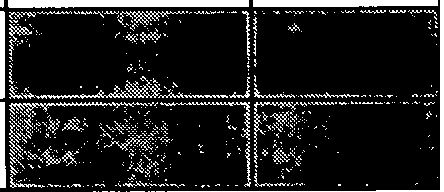
12. Limits of Liability: 0 $1,000,000 occ./$2,000,000 agg. 0 $2,000,000 occ./$4,000,000 agg.

Note: **A $25** property damage deductible shall apply to each claim for Aestheticians or Electrologists. A $500 property damage deductible shall apply to each claim for Day Spa operations.

1. Select desired coverages: O Professional Liability Only O Professional Liability and Premises Liability Coverage
2. Please indicate which of the following services are performed.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| •Electrolysis | | | OYes | **ONo** | •Facial & skin cleansing | OYes | ONo |
| •Exfoliation | | | OYes | **ONo** | •Waxing | OYes | **ONo** |
| •Oil treatments | | | OYes | **ONo** | •Manicure or pedicure | **OYes** | **ONo** |
| •Hydrotherapy | | | OYes | ONo | •Aromatherapy | OYes | **ONo** |
| •Body Wraps | | | OYes | **ONo** | •Facial & scalp massage | OYes | **ONo** |
| •Massage & touch therapy | | | OYes | **ONo** | •Mud, clay & seaweed treatments | **OYes** | **ONo** |
| •Tanning beds, booths or facial tanning units | | | OYes | **ONo** | •Personal trainers/exercise equipment | OYes | **ONo** |
| •Tattoo or permanent makeup | | | OYes | **ONo** | •Body piercing (other than ear lobe) | OYes | **ONo** |
| **1. Indicate below how many employees of each classification work for you::** | | | | | | | |
|  | Full Time | Part Time | Student | Full Time Part Time Student | | | |
| **Electrologist** |  |  |  | **Manicurist** | | | |
| **Aesthetician** |  |  |  | **Beautician** | | | |
| Masseuse |  |  |  | Hydrotherapy # of units | | | |
| Tanning Bed # of units |  |  |  | Exercise Equipment# of units | | | |

68319 (7/97)



1. Are all technicians licensed if required by law? D Yes D No

If so, please list the state, license number and expiration date on separate sheet of paper for all technicians.

1. ADDITONAL INSUREDS:

Location------------

Name:

Address:

Interest:-------------

1. Loss Information **(3-5** years, attach prior carrier loss runs to applicant)

|  |  |  |
| --- | --- | --- |
| Date | Description of Loss  (attach sheet with further description if necessary | Amount Incurred  (Include reserves) |
|  |  |  |
|  |  |  |

1. **Current Insurance Carrier** & **Policy Number: (Not required in Missouri) \_**
2. **The applicant represents that the statements set forth herein are true, and that if the information supplied on this application changes between the date of this application and the date on which coverage is bound, the applicant will immediately notify the insurance company of such changes. The signing of this application does not bind the insurance company to provide the requested coverage, but it is agreed that if a policy is issued, this application shall be the basis for the policy, and it will be attached to and made part of the policy.**

**Notice To New York Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."

**Notice To Ohio Applicants:** "Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud."

**Notice To Kentucky Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for

insurance containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime."

**Notice To Pennsylvania Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application

for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

**Notice To New Jersey Applicants:** "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties."

**Notice To Florida Applicants:** "Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree."

**Notice To Colorado Applicants:** "It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. penalties may include imprisonment, fines, denial of insurance, and civil damages.

Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the colorado division of insurance within the depart!!lent of regulatory agencies."

**Notice To Minnesota Applicants:** "A person who submits an application or files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime."

**Notice To Arkansas Applicants:** "Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Signature of Applicant Date Agent Date

68319 (7/97) 2

**New Hampshire Insurance Company**

This Endorsement effective 12:01 A.M. Policy No.

Issued to

forms a part of

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**New York Aestheticians** & **Electrologists Endorsement**

1. Section II. Definitions is amended to include the following definitions:
   * **Aesthetician** means a person or practitioner of **aesthetics.**
   * **Aesthetics** means any one or a combination of the following skin care practices which are performed for cosmetic purposes:
2. Cleansing, stimulating, manipulating, exercising, beautifying or applying oils, creams, antiseptics, clays, lotions, or other preparations to the skin either by hand or by mechanical or electrical appliance(s);
3. Facial or scalp massage;
4. Arching eyebrows or tinting eyebrows and eyelashes; or
5. Removing superfluous hair by means other than electrolysis.
   * **Electrologist** means a person or practitioner of **electrolysis.**
   * **Electrolysis** means the eradication of unwanted hair for cosmetic purposes through the use of Federal Drug Administration approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.
6. Section IV. Exclusions, Exclusion A is deleted in its entirety.
7. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
8. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from **your wrongful acts** as an **aesthetician or electrologist.**
9. Any **claim** arising from:
   * Plastic surgery; or

**New Hampshire Insurance Company**

* + - Removal of warts, moles, or other growths.

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products: Manufactured by **you** or any other insured;

Bottled or rebottled by **you** or any other insured, or

Packaged or repackaged by **you** or any other insured.

1. Any **claim** arising out of :
   * Body massage other than facial or scalp massage;
   * Steam baths;
   * Sauna;
   * Body wrapping; or
   * Sun tanning.
2. Any **claim** arising out of the use of **electrolysis** equipment which has been modified or altered from manufacturer standards or does not meet federal, state or municipal safety requirements.
3. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
4. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.
5. Any General Liability or Business Owners Package **claims.**
6. Any claim arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

**New Hampshire Insurance Company**

This Endorsement effective 12:01 A.M. forms a part of Policy No. Issued to

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**New York Day Spa Endorsement**

1. Section II. Definitions is amended to include the following definitions:
   * **Day Spa** means a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. **Day Spa** treatments include, but are not limited to the following:
     + Facials & skin cleansing;
     + Exfoliation;
     + Waxing;
     + Body wraps;
     + Massage & touch therapy;
     + Hydrotherapy;
     + Aromatherapy;
     + Oil treatments;
     + Mud, clay & seaweed treatments;
     + Tanning beds, booths or facial tanning machines;
     + Manicure or pedicure;
     + Electrolysis; or
     + Personal trainers / exercise equipment.
2. Section IV. Exclusion A. is deleted in its entirety.
3. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
4. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from the **wrongful acts** of **your Day Spa** operation.
5. Any **claim** arising from:
   * Plastic surgery; or
   * Removal of warts, moles, or other growths.

**New Hampshire Insurance Company**

1. Any **claim** ansmg out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products:
   * Manufactured by **you** or any other Insured;
   * Bottled or rebottled by **you** or any other Insured; or
   * Packaged or repackaged by **you** or any other Insured.
3. Any **claim** arising out of any equipment which has been modified or altered from manufacturer standards or do not meet federal, state or municipal safety requirements.
4. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
5. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix. ·
6. Any General Liability or Business Owners Package **claims.**
7. Any **claim** arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

NEW YORK AMENDATORYENDORSEMENT

This endorsement, effective forms a part of

policy no.: by:

issued to

Wherever used in this endorsement: 1)"Insurer" means the insurance company which issued this policy; and 2)"Insured" means the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

CANCELLATION AND NONRENEWAL

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. The Cancellation and When **We** Do Not Renew provisions are deleted and replaced by the following:
   1. CANCELLATION BY THE INSURED

This policy may be cancelled by the Insured by surrender of this policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The Policy Period terminates at the date and hour specified in such notice, or at the date and time of surrender.

* 1. CANCELLATION, NONRENEWAL AND CONDITIONAL RENEWAL BY THE INSURER
     1. If this policy has been in effect for sixty (60) or fewer days when cancellation notice is mailed, and this policy is not a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than twenty (20) days thereafter (fifteen (15) days thereafter if cancellation is because of one of the reasons for cancellation set forth in subsection
     2. below) the cancellation shall be effective. Notice of cancellation issued by the Insurer shall specify the grounds for cancellation.

1. If this policy has been in effect for more than sixty (60) days when notice of cancellation is mailed, or if this policy is a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to.the Insured, and to his authorized insurance agent or broker, written notice stating when not less than fifteen (15) days thereafter the cancellation shall be effective; however, such cancellation must be based on one or more of the following:
   1. nonpayment of premium;
   2. conviction of a crime arising out of acts increasing the hazard insured against;

69898(3/98) Page 1 of 4

* 1. discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;
  2. after issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current Policy Period;
  3. material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
  4. required pursuant to a determination by the New York Superintendent of Insurance that continuation of the present premium volume of the In urer would jeopardize the Insurer's solvency or be hazardous to the interests of Insureds of the Insurer, its creditors or the public;
  5. a determination by the New York Superintendent of Insurance that the continuation of the policy would violate, or would place the Insurer in violation of, any provision of the New York Insurance Law;
  6. revocation or suspension of an Insured's license to practice his profession; or
  7. where the Insurer has reason to believe that there is a probable risk or danger that the Insured will destroy or permit the destruction of the insured property for the purpose of collecting the insurance proceeds, provided, however, that:
     1. a notice of cancellation on this ground shall inform the Insured in plain language that the Insured must act within ten days if review by the department of the ground for cancellation is desired pursuant to item (3) of this subparagraph (I);
     2. notice of cancellation on this ground shall be provided simultaneously by the Insurer to the department; and
     3. upon written request of the Insured made to the department within ten days from the Insured's receipt of notice of cancellation on this ground, the department shall undertake a review of the ground for cancellation to determine whether or not the Insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the department finds no sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.

69898(3/98) Page 2 of 4

Notice of cancellation by the Insurer shall specify the grounds for cancellation.

1. (1) The Insurer shall mail to the Insured, and to his authorized insurance agent or broker, written notice indicating the Insurer's intention:
   1. not to renew this policy;
   2. to condition its renewal upon change of limits, change in type of coverage, reduction of coverage, increased deductible or addition of exclusions or upon increased premiums in excess of ten percent; (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating, loss rating, or audit);
   3. that the policy will not be renewed or will not be renewed upon the same terms, conditions or rates; such alternative renewal notice must be mailed or delivered on a timely basis and advise the Insured that a second notice shall be mailed at a later date indicating the Insurer's intention as specified in subparagraph (A) or

(B) of this paragraph (1) and that coverage shall continue on the same terms, conditions and rates as expiring, until the later of the expiration date or sixty

(60) days after the second notice is mailed or delivered; such alternative renewal notice also shall advise the insured of the availability of loss information and, upon written request, the request, the insurer shall furnish such loss information within twenty days to the insured.

1. A nonrenewal notice as specified in subparagraph (A), a conditional renewal notice as specified in subparagraph (B), and the second notice described in subparagraph (C) of paragraph (1) of this subsection (iii) shall contain the specific reason or reasons for nonrenewal or conditional renewal, and set forth the amount of any premium increase and nature of any other proposed changes.
2. The notice required by paragraph (1) of this subsection (iii) shall be mailed at least sixty (60) but not more than one hundred twenty (120) days in advance of the end of the Policy Period.
3. (A) If the Insurer employs an alternative renewal notice as authorized by subparagraph (C) of paragraph (1) of this subsection (iii), the Insurer shall provide coverage on the same terms, conditions, and rates as the expiring policy, until the later of the expiration date or sixty (60) days after the mailing of the second notice described in such subparagraph.
4. Prior to the expiration date of the policy, in the event that an incomplete or late conditional renewal notice or a late nonrenewal notice is provided by the Insurer, the Policy Period shall be extended, at the same terms and conditions as the expiring policy, except that the annual aggregate limit of the expiring policy shall be increased

69898(3/98) Page 3 of 4

in proportion to the policy extension, and at the lower of the current rates or the prior period's rates, until sixty

(60) days after such notice is mailed, unless the Insured elects to cancel sooner.

1. In the event that a late conditional renewal notice or a late nonrenewal notice is provided by the insurer on or after the expiration date of the policy, coverage shall remain in effect on the same terms and conditions of the expiring policy for another required policy period, and at the lower of the current rates or the prior period's rates unless the insured during the additional required policy period has replaced the coverage or elects to cancel, in which event such cancellation shall be on a pro rata premium basis.
2. Nothing herein shall be construed to limit the grounds for which the Insurer may lawfully rescind this policy or decline to pay a claim under this policy.
3. Notice required herein to be mailed to the Insured shall be mailed to the Insured at the address shown in Item 1 of the Declarations.

Notice required herein to be mailed by the Insurer shall be sent by registered, certified or other first class mail. Delivery of written notice shall be equivalent to mailing.

Proof of mailing of such notice as aforesaid shall be sufficient proof of notice. The Policy Period shall terminate at the effective date and hour of cancellation or nonrenewal specified in such notice.

1. If this policy shall be cancelled by the Insured, the Insurer shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the Insurer, the Insurer shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurer shall not be a condition of cancellation, but such payment shall be made as soon as practicable.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

69898(3/98) Page 4 of 4

This endorsement, effective A.M. forms a part of Policy No. issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY NEW YORK AMENDATORY ENDORSEMENT

The Policy is hereby amended as follows:

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision E. EXAMINATION OF YOUR BOOKS AND RECORDS is deleted in its entirety and replaced with the following:

E. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**We** may examine and audit your books and records as they relate to this Policy at any during the policy period and up to 180 days afterward.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision P. REPRESENTATIONS is deleted in its entirety and replaced with the following:
2. REPRESENTATIONS

By accepting th s Policy, **you** agree:

* 1. The statements in the Application and Declarations are accurate and complete;
  2. Those statements are based upon representations **you** made to **us;** and
  3. **We** have issued this Policy in reliance upon **your** representations.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE is amended to include the following additional provision:
2. TRANSFER OF DUTIES WHEN LIABILITY LIMIT IS EXHAUSTED
   1. If **we** conclude that, based on **wrongful acts, claims,** or **suits** which have been reported to **us** and to which this insurance may apply, the Aggregate Limit is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
   2. When the Aggregate Limit has actually been used up in the payment of judgments or settlements:
      1. We will notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and **our** duty to defend **suits** seeking damages subject to that limit has also ended.
      2. We will initiate, and cooperate in, the transfer of control, to any appropriate Insured, of all **claims** and **suits** seeking damages which are

subject to that limit and which are reported to us before that limit is used up. **You** must cooperate in the transfer of control of said **claims** and **suits.**

**We** agree to take such steps, as **we** deem appropriate, to avoid a default in, or to continue the defense of, such **suits** until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

**We** will take no action whatsoever with respect to any **claim** or **suit** seeking damages that would have been subject to that limit, had it not been used up, if the **claim** or **suit** is reported to **us** after that limit of insurance has been used up.

* + 1. The first Named Insured, and any other insurer involved in a **suit** seeking damages subject to that limit, must arrange for the defense of such **suit** within such time period as agreed to between the appropriate Insured and **us.** Absent any such agreement, arrangements for the defense of such **suit** must be made as soon as practicable.
  1. The first Named Insured will reimburse **us** for the expenses we incur in taking those steps **we** deem appropriate in accordance with paragraph 2.b. above.

•

The duty of the first Named Insured to reimburse us will begin on either the date on which the Aggregate Limit is used up, if we sent notice in accordance with paragraph 1. above, or the date on which **we** sent notice in accordance with paragraph 2.a. above, if we did not send notice in accordance with paragraph 1. above.

* 1. The exhaustion of the Aggregate Limit of insurance by the payments of judgment or settlements, and the resulting end of **our** duty to defend will not be affected by **our** failure to comply with any of the terms of this Provision.

1. Section IV. EXCLUSIONS, Provision C. is deleted in its entirety and replaced with the following:

C. Any dishonest, fraudulent, criminal or malicious act, error or omission;

1. Section **VII. DEDUCTIBLE** is deleted in its entirety and replaced by the following:
   1. **You** will be responsible for the deductible amount shown in the Declarations. The deductible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated or related **wrongful acts** shall be subject to one deductible.
   2. **We** may pay all or part of the deductible to settle a **claim** or **suit. You** agree to repay **us** promptly after **we** notify **you** of the settlement.
   3. The deductible does not apply to **claims** expenses.
2. Subsection H. OTHER MEMBER COMPANIES OF THE AMERICAN INTERNATIONAL GROUP, INC. POLICIES of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety.
3. Subsection M. NOTICE OF **WRONGFUL ACT** BY **YOUR** AGENT of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

M. NOTICE OF **WRONGFUL ACT** BY **YOUR** AGENT

Notice given by or on behalf of **you** to any of **our** authorized agents, with particulars

.sufficient to identify **you,** shall be deemed notice to **us.**

1. Subsection C. LAWSUITS AGAINST **US** of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

C. LAWSUITS AGAINST **US**

1. No one can sue **us** to recover under this policy unless all of its terms have been honored.
2. A person or organization may sue **us** to recover up to the limits of coverage under this policy only after **your** liability has been decided by:
   1. A judgment against **you;**
   2. A written agreement signed by **you, us** and the party making the **claim.**
3. Subsection 0. OTHER INSURANCE of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:
4. OTHER INSURANCE
5. Where other valid and collectible insurance is available to **you** for losses covered under the terms and conditions of the policy, **our** obligation to **you** shall be as follows:
   1. This insurance is primary, and **our** obligations are not affected unless any of the other insurance is also primary. In that case, **we** will share with all that other insurance by the method described in paragraph (2) below.
   2. If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its

*r*

applicable limit of insurance to the total applicable limits of insurance of all insurers.

1. **You** shall promptly upon **our** request provide **us** with copies of all policies potentially applicable against the liability covered by this policy.

**All other terms, provisions, conditions, and exclusions shall remain unchanged.**

Authorized Representative

Includes copyrighted material oflnsurance Services Office, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1994

This endorsement, effective AM. forms a part of Policy No. issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY

**New York Retroactive Date Endorsement**

This Policy is amended as follows:

In consideration of payment of an additional premium $ and for the purposes of this Endorsement only,

I The Declarations page is amended to include the following: Retroactive Date-----------

IL Coverage under this policy is extended to include **claims for wrongful acts** arising solely in the conduct of **your** activities as covered under this Policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period.**

1. In no event shall coverage offered by this Endorsement apply to any loss, **claim, or suit** reported to a prior insurance carrier nor shall coverage apply to any loss, claim or suit of which the **you** had knowledge prior to the inception date of this Endorsement.
2. Coverage offered by this endorsement shall be made available only to insureds previously covered by a claims made policy. In addition, there may be no gap in coverage between the termination of that claims made policy and the inception of this Policy.
3. The Limits of Liability provided under this endorsement are identical to those of the first occurrence policy.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

**Aestheticians & Electrologists Professional Liability Insurance Program New York Rates & Rules**

* 1. **Program Background**

The Aestheticians & Electrologists Professional Liability Insurance Program is designed to provide professional liability insurance to businesses that offer aesthetician and/or electrology services.

An **aesthetician** is a person who practices aesthetics. Aesthetics means any one or a combination of the following skin care practices which are performed for cosmetic purposes.

* + - Massaging, cleansing, stimulating, manipulating, exercising, beautifying, or applying oils, creams, antiseptics, clays, lotions or other preparations, either by hand or by mechanical or electrical appliance.
    - Arching eyebrows or tinting eyebrows and eyelashes.
    - Removing superfluous hair by means other than electrolysis.

An **electrologist** is a person or practitioner of electrolysis. Electrolysis is defined as the eradication of unwanted hair for cosmetic purposes through the use of FDA approved techniques such as an electrified needle, radio frequency energy, galvanic current, or'laser type treatments.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable..

* 1. **Program Eligibility**

Eligible applicants will meet the following criteria.

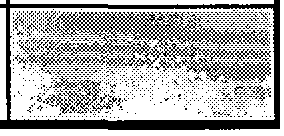
* + - Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
    - Applicant must be licensed, if required by law.
    - Applicant may not average more than two claims per professional over the last three years. .
    - Applicant must be in good financial shape with no prior bankruptcies.

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

* 1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Class | $1 Million/ First Person | $2 Million Each Addt'l  $75 | | $2 Million/ $4 Million First Person Each Addt'l | |
| Aesthetician | $200 | $264 | $99 |
| Electrologist Hydrotherapy Tub/Table | $200  $100  per unit. | $75 |  | $264 | $99 |
|  | | $132  per unit |  |

A 50% discount shall apply to aesthetician or electrologist students.

* 1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

* 1. **Increased Limits**

See above. No other options are available.

* 1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| Premises Coverage | 69739(2/98) | Included |
| Additional Insured | 68323(7/97) | Included |
| Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

•

•

•

* 1. **Application**

The Aestheticians & Electrologists Professional Liability Insurance Application, form 69896(3/98) must be completed for coverage.

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

* 1. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

69896(3/98)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Aestheticians & Electrologists Endorsement

Aestheticians & Electrologists Professional Liability Insurance Application

**Optional Coverages**

68323(7/97) Additional Insured Endorsement

**State Amendatory Forms**

69739(2/98)

69740(2/98)

69738(2/98)

69898(3/98)

New York Premises Coverage Endorsement New York Retroactive Date Endorsement New York Amendatory Endorsement

New York Cancellation Nonrenewal Endorsement

**New Hampshire Insurance Company Day Spa Program**

**Day Spa Professional Liability Insurance Program New York Rates & Rules**

1. **Program Background**

The Day Spa Professional Liability Insurance Program is designed to provide professional liability insurance for Day Spa businesses.

A **Day Spa** is a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. Day Spa treatments may include any of the following:

* + Facials & Skin Cleansing
  + Exfoliation
  + Waxing
  + Body Wraps
  + Massage & Touch Therapy
  + Hydrotherapy
  + Aromatherapy
  + Oil Treatments
  + Mud, Clay & Seaweed Treatments
  + Tanning Beds
  + Manicure & Pedicure
  + Electrolysis by electrified needle, radio frequency energy, galvanic current or laser treatments
  + Personal Trainers / Exercise Equipment

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable.

1. **Program Eligibility**

Efigible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate

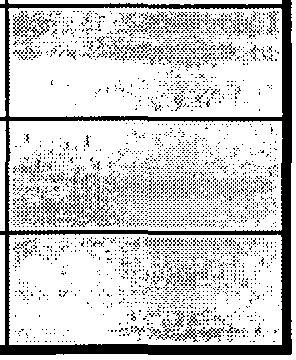
**New Hampshire Insurance Company Day Spa Program**

sufficient industry experience or expertise.

* Applicant must be licensed, if required by law.
* Applicant may not average more than two claims per professional over the last three years.
* Applicant must be in good financial shape with no prior bankruptcies.

1. **Premiums**

The following premiums shall apply.



Class

$1 Million/$2 Million

First PersonEach Addt'l

$2 Million/ $4 Million First Person Each Addt'l

Aesthetician

$200

$75

Masseuse

$200

$75

$264

.

$264

$99

$99

Manicurist

$100

$50

$132

$66

Beauticians

$100

$50

$132

$66

Electrologist

Tanning Beds

$200

$200

per unit

$100

per unit

$100

per unit

$75

$264

$264

per unit

$132

per unit

$132

per unit

$99

Hydrotherapy Table/Tub Exercise Equipment

1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Minimum Premium**

A $500 minimum policy premium shall apply.

**New Hampshire Insurance Company Day Spa Program**

1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| * Premises Coverage | 69739(2/98) | Included |
| * Additional Insured | 68323(7/97) | Included |
| * Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

1. **Application**

The Day Spa Professional Liability Application, form 68987(3/98) must be completed for coverage.

I. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

69897(3/98)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Day Spa Endorsement

Day Spa Professional Liability Insurance Application

**Optional Coverages**

68323(7/97) Additional Insured Endorsement

**State Amendatory Forms**

69739(2/98)

69740(2/98)

69738(2/98)

69898(3/98)

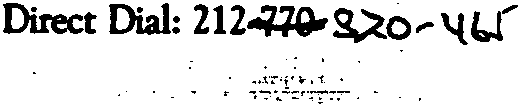
**Final (2/98)**

New York Premises Coverage Endorsement New York Retroactive Date Endorsement New York Amendatory Endorsement .\_......

New York Cancellation Nonrenewal Endorsement...\_ --

3

-· - ,-- -- - - - - --





February 17, 1998 Mr. Stuart Meislick

State of New Yorklnsurance Department Property & Casualty Insurance Bureau 25 Beaver Street

New York, NY 10004

**Re: NEW HAMPSHIRE INSURANCE COMPANY NAIC #012-23841; FEIN #02-0172170**

**Professional Liability Insurance Program** Declarations Page - Form No. 68317(7/97) Policy - Form No. 68318(7/97)

Application- Form No. 68319(7/97)

Day Spa Endorsement - Form No. 68321(7/97)

Aestheticians & Electrologists Endorsement- Form No. 68322(7/97) Additional Insured Endorsement - Form No. 68323(7/97)

Rates and Rules

New York Cancellation/Nonrenewal Endorsement -Form No. 58241(10/95) New' York Amendatory Endorsement - Form No. 68594(8/97)

New York Amendatory Endorsement - Form No. 69738(2/98) New York Retroactive Date Endorsement - Form No. 69740(2/98)

New York Premises Liability Coverage Endorsement - Form 69739(2/98) Company File Number: AIC-97-PR-11

Department File Number: R97004720 Dear Mr. Meislick:

Attached are three copies of the program we resubmitted to your department on February

6. Thank you very much for informing me that our original submissinn-was-i1ever\_---- --------\_--;· -----\_- -\_- · received. Please feel free to contact me at (212) 820-4656 with any questions or concerns ...- - --- -

regarding this submission. Once again, thank you very much for yo e\_lp :- ·::·"·:- :·:\_- :- - ·:: ·:- ·\_·· • \_··

Very truly yours,

(

*JJ R*

Seth Seifman

Filings Analyst

**&001a (3.'117)**



**NEW HAMPSHIRE** INSURANCE **COMPANY** 9

**Executive Offices 70 Pine Street**

**New York, New York 10270**

Tel: 212-770-7000

**Direct Dial: 212-'R8--**

*.£JO* -Y 6(b

February 10, 1998

Mr. Kayshap Saraiya ·

State of New York Insurance Department Property & Casualty Insurance Bureau 25 Beaver Street

New York, NY 10004

**Re: NEW HAMPSHIRE INSURANCE COMPANY NAIC #012-23841; FEIN #02-0172170**

**Professional Liability Insurance Program**

File Number: AIC-97-PR-11

**Department File Number: R.97004720**

Dear Mr. Saraiya:

This letter is in reference to our telephone conversation of February 10, 1998 regarding an error in the New Hampshire Insurance Company's Aestheticians and Electrologists/Day Spa Professional Liability Insurance Program, which was sent to the Department to be refiled on February 6, 1998.

It has recently been brought to my attention that the rating plans submitted for both the Aestheticians and Electrologists Program and the Day Spa Program were missing two sentences at the conclusion of Section A. In addition, the property damage deductible for the Day Spa Program should be $25, not $500.

I would greatly appreciate any help you could offer in remedying these errors. I have enclosed corrected copies of the rating plans to replace the incorrect versions. If there is anything else I can do or any questions I can answer, please feel free to contact me at

(212) 820-4656. Once again, thanks very much for your help.

Very truly yours,

J :L<;

Seth Seifman Filings Analyst

State Filings Department

S (:W7) Iruunuu:c from The New Hampshire lruurance Company and odu:r member companies of The New Hampshire Insurance Group Member Companies of American lnttrnational Group, Inc.

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

**Aestheticians & Electrologists Professional Liability Insurance Program New York Rates & Rules**

1. **Program Background**

The Aestheticians & Electrologists Professional Liability Insurance Program is designed to provide professional liability insurance to businesses that offer aesthetician and/or electrology services.

An **aesthetician** is a person who practices aesthetics. Aesthetics means any one or a combination of the following skin care practices which are performed for cosmetic purposes.

* + Massaging, cleansing, stimulating, manipulating, exercising, beautifying, or applying oils, creams, antiseptics, clays, lotions or other preparations, either by hand or by mechanical or electrical appliance.
  + Arching eyebrows or tinting eyebrows and eyelashes.
  + Removing superfluous hair by means other than electrolysis.

An **electrologist** is a person or practitioner of electrolysis. Electrolysis is defined as the eradicat:on of unwanted hair for cosmetic purposes through the use of FDA approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are$ I million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable.

1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
  + Applicant must be licensed, if required by law.
  + Applicant may not average more than two claims per professional over the last three years.
  + Applicant must be in good financial shape with no prior bankruptcies.

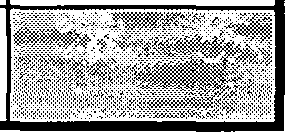
**New Hampshire Insurance Company Aestheticians & Electrologists Program**

1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Aesthetician | $200 | $75 | $264 | $99 |
| Electrologist | $200 | $75 | $264 | $99 |
| Hydrotherapy Tub/Table | $100  per unit |  | $132  per unit |  |

A 50% discount shall apply to aesthetician or electrologist students.



Class

$1 Million/ $2 Million $2 Million/ $4 Million First Person Each Addt'I First Person Each Addt'l

1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| Premises Coverage | 69739(2/98) | Included |
| Additional Insured | 68323 (7/97) | Included |
| Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

•

•

•

1. **Application**

The Aestheticians & Electrologists Professional Liability Insurance Application, form 68319(7/97) must be completed for coverage.

**New Hampshire Insurance Company Aestheticians** & **Electrologists Program**

1. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

68322(7/97)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Aestheticians & Electrologists Endorsement

Aestheticians & Electrologists Professional Liability Insurance Application

**Optional Coverages**

69739(2/98)

68323(7/97)

69740(2/98)

New York Premises Coverage Endorsement Additional Insured Endorsement

New York Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

**New Hampshire Insurance Company Day Spa Program**

**Day Spa Professional Liability Insurance Program New York Rates** & **Rules**

1. **Program Background**

The Day Spa Professional Liability Insurance Program is designed to provide professional liability insurance for Day Spa businesses.

A **Day Spa** is a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. Day Spa treatments may include any of the following: · ·

* + Facials & Skin Cleansing
  + Exfoliation
  + Waxing
  + Body Wraps
  + Massage & Touch Therapy
  + Hydrotherapy
  + Aromatherapy
  + Oil Treatments
  + Mud, Clay & Seaweed Treatments
  + Tanning Beds
  + Manicure & Pedicure
  + Electrolysis by electrified needle, radio frequency energy, galvanic current or laser treatments
  + Personal Trainers / Exercise Equipment

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

To reduce underwriting costs, limited options are available and self rating techniques have been adopted. All policies are non-auditable.

1. **Program** Eiigibility

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate

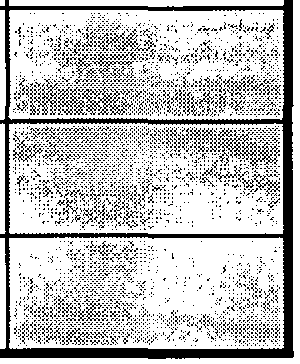
**New Hampshire Insurance Company Day Spa Program**

sufficient industry experience or expertise..

* Applicant must be licensed, if required by law.
* Applicant may not average more than two claims per professional over the last three years.
* Applicant must be in good financial shape with no prior bankruptcies.

1. **Premiums**

The following premiums shall apply.



Class

$1 Million/$2 Million First PersonEach Addt'l

$2 Million/ $4 Million First Person Each Addt'l

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Aesthetician | $200 | $75 | $264 | $99 |
| Masseuse | $200 | $75 | $264 | $99 |
| Manicurist | $100 | $50 | $132 | $66 |
| Beauticians | $100 | $50 | $132 | $66 |
| Electrologist | $200 | $75 | $264 | $99 |
| Tanning Beds | $200  per unit |  | $264  per unit |  |
| Hydrotherapy | $100 |  | $132 |  |
| Table/Tub | per unit |  | per unit |  |
| Exercise | $100 |  | $132 |  |
| Equipment | per unit |  | per unit |  |

1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Minimum Premium**

A $500 minimum policy premium shall apply.

**New Hampshire Insurance Company**

**f**

**Day Spa Program**

1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| * Premises Coverage | 69739(2/98) | Included |
| * Additional Insured | 68323(7/97) | Included |
| * Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

1. **Application**

The Day Spa Professional Liability Application, form 68319 (7/97) must be completed for coverage.

1. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

68321(7/97)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Day Spa Endorsement

Day Spa Professional Liability Insurance Application

**Optional Coverages**

69739(2/98)

68323(7/97)

69740(2/98)

New York Premises Coverage Endorsement Additional Insured Endorsement

New York Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

• ·' *i ....J* ,, *,,t'.*

* + f:

' -- ; {-\ *-*

**JEW HAMPSHIRE INSURANCE COMPANY** 9

Executive Offices

70 Pine Street

New York, New York 10270 Tel: 212-770-7000

Direct Dial: 212 1"19--

£z..*o* - Yb>'

February 6, 1998

Mr. Fred Sharpe

Senior Insurance Examiner

State of New York Insurance Department Property & Casualty Insurance Bureau 25 Beaver Street

New York, NY 10004

**Re: NEW HAMPSHIRE INSURANCE COMPANY NAIC #012-23841; FEIN #02-0172170**

**Professional Liability Insurance Program** Declarations Page - Form No. 68317(7/97) Policy- Form No. 68318(7/97)

Application - Form No. 68319(7/97)

Day Spa Endorsement - Form No. 68321(7/97)

Aestheticians & Electrologists Endorsement - Form No. 68322(7/97) Additional Insured Endorsement - Form No. 68323(7/97)

Rates and Rules

New York Cancellation/Nonrenewal Endorsement - Form No. 58241(10/95) New York Amendatory Endorsement - Form No. 68594(8/97)

New York Amendatory Endorsement - Form No. 69738(2/98) New York Retroactive Date Endorsement - Form No. 69740(2/98)

New York Premises Liability Coverage Endorsement - Form 69739(2/98) Company File Number: AIC-97-PR-11

Department File Number: R97004720 Dear Mr. Sharpe:

The New Hampshire Insurance Company submits for your review and approval its Professional Liability Insurance Program.

The Professional Liability Policy offers coverage on an occurrence basis, with defense costs in addition to the limit of liability. This policy, in conjunction with the enclosed Aestheticians & Electrologists Endorsement - Form No. 68322(7/97) and Day Spa Endorsement - Form No. 68321(7/97), will provide errors and omissions coverage to businesses that offer these particular services.

0018 (3197) Insurance from The New Hampshire Insurance O,mpony and other member companies of The New Hampshire Insurance Group \_... Member Companies of American lnwnarional Group. Inc.

Premium for this product will be determined using the enclosed rates and rules. Also enclosed is actuarial documentation in support of the proposed rates and rules. The forms that will be used with this program are being forwarded separately.

Please note that our original submission of this program, Department File Number R97004270, was disapproved by your department on December 10, 1997. In response to your letter of October 1, 1997, we offer the following:

1. With reference to policy form 68318(7/97):
   1. As we agreed in our telephone conversation of January 22, 1998, the definition of discrimination will not have to be changed since Section IV. Excludes discrimination from coverage.
   2. The attached New York Amendatory Endorsement, Form No. 69738(2/98), adds Subsection U, Transfer of Duties When Liability Limit is Exhausted, to Section VIII. Other Provisions Affecting Coverage. This Subsection contains the rules and obligations related to the transfer of duties when the liability limit is exhausted. As you suggested, we have employed language supplied by ISO in drafting this provision.
   3. The enclosed New York Amendatory Endorsement, Form No. 69738(2/98) replaces Subsection C. of Section IV. Exclusions so that the policy never covers dishonest, fraudulent, criminal, or malicious, acts, errors, or omissions.
   4. Form Number 69738(1/98) replaces Subsection E., Examination of **Your** Books and Records, of Section VIII. Other Provisions Affecting Coverage. This Subsection now states that we can examine an insured's books and records up to 180 days after the end of the policy period, as required by Section 161.IO(a) of Department Regulation129.
   5. Form Number 69738(1/98) replaces Subsection P., Representations, of Section VIII. Other Provisions Affecting Coverage. This endorsement employs standard ISO language to amend this provision so that it complies with Sections 3105 of New York Insurance Law.
   6. You have asked us to bring the policy into compliance with Section 3420(a)(4) ofNew York Insurance Law, which requires us to include a provision stating that we cannot invalidate a claim because the insured or another claimant failed to deliver any notice required within a prescribed time period if it was not reasonably possible to do so and notice was delivered as soon as reasonably possible. Since this is an occurrence policy and the insured can make a claim at any time, provided the wrongful act took place during the policy period, we believe that the policy is already consistent with this regulation. Although Section VIII. Other Provisions Affecting Coverage, Subsection L., Duties in the Event of a Wrongful Act, Claim, or Suit, requires

the insured to, "Notify us as soon as practicabie," in the event of a claim or a wrongful act which may result in a claim, this provision is standard and reasonable and we ask that you please allow us to retain it.

1. The enclosed New York Retroactive date Endorsement, Form No. 69740(2/98) satisfies all the conditions under which prior acts coverage for an occurrence policy is permissible in New York.
2. Please see the revised New York Rate and Rule page for the Aestheticians and Electrologist Professional Liability Program as well as the New York Premises Liability Coverage Endorsement, Form No 39739(2/98). We have decided to include premises liability coverage at no charge. In addition, we have decreased the charge for retroactive date coverage to 1.35 times the premium. This factor was determined judgmentally. Since there are no other comparable programs, we have decided to base the factor on the Miscellaneous Professional Liability Program of the National Union Fire Insurance Company of Pittsburgh, Pennsylvania.

The cost for the optional coverage for the Day Spa Program can be found on the revised New York rate and Rule Page for the Day Spa Program. Both premises liability coverage and coverage for additional insureds is now included. The cost of retroactive date coverage is 1.35 times the premium.

1. The minimum premium for the Day Spa program is based on the National Union Fire Insurance Company of Pittsburgh, Pennsylvania's Tanning Salons Program and is in line with those of our competitors.

There is no minimum premium for the Aestheticians and Electrologists Program.

We propose that this filing become effective for all policies effective on or after March 13, 1998 or the earliest date permitted by your department. Your favorable review and approval are respectfully requested.

Very truly yours,

*)W-c '*

Seth Seifman Filings Analyst

State Filings Department

***NEW HAMPSHIRE INSURANCE COMPANY***

***Professional Liability Insurance Program***

**New York Forms List**

|  |  |
| --- | --- |
| Form Title | Form Number |
| Professional Liability Insurance Policy | 68318(7/97) |
| Declarations Page | 68317(7/97) |
| Aestheticians & Electrologists/Day Spa Application | 68319(7/97) |
| Day Spa Endorsement | 68321(7/97) |
| Aestheticians & Electrologists Endorsement | 68322(7/97) |
| Additional Insured Endorsement | 68323(7/97) |
| New York Cancellation/Nonrenewal Endorsement | 58241(10/95) |
| New York Amendatory Endorsement | 68594(8/97) |
| New York Amendatory Endorsement | 69738(2/98) |
| New York Retroactive Date Endorsement | 69740(2/98) |
| New York Premises Liability Coverage Endorsement | 69739(2/98) |

**Item 1.**

Named Insured and Address

**NEW HAMPSHIRE INSURANCE COMPANY**

**Home Office: 2005 Market Street Philadelphia, Pennsylvania 19103 Executive Offices:70 Pine Street New York, New York 10270**

**PROFESSIONAL LIABILITY INSURANCE** - **OCCURRENCE DECLARATIONS**

|  |  |
| --- | --- |
| ·. .1 | Policy Number |
| Previous Policy No. |

The Named Insured is: individual 0; partnership 0; corporation 0; joint venture 0; other 0

**Item 2.** Policy Period: From

the Named Insured as stated herein.

to 12:01 A.M.; standard time at the address of

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item 3.** | | | | |
| -  **Coverages** | **Limits of Liabilitv** | | **Deductible Amount** | |
| **A. \Vrongful Acts** | Each **wrongful act**  Aggregate | $ | $ |  |
| $ |  |
| **Item 4.** Form numbers of endorsements attached at issue: | | | | |
| **Item 5.** Professional Service(s) conducted by Named Insured | | | | |
| **Item 6.** Additional Insureds | | | | |
| I **Premium** $ | | | | |

**AGENT/BROKER:**

68317 (7/97}

Countersigned By:---------"-----­

Authorized Representative

**NE\V HAMPSHIRE INSURANCE COMPANY**

**Home Office: 2005 Market Street Philadelphia, Pennsylvania 19103 Executive Offices:70 Pine Street New York, New York 10270**

**PROFESSIONAL LIABILITY INSURANCE POLICY OCCURRENCE**

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words **you** and **your** refer to the Named Insured(s) shown in he Declarations and any other person(s) or organization(s) qualifying as a Named Insured under this Policy. The words **we, us** and **our** refer to the company providing this insurance.

The word Insured means any person or organization qualifying under SECTION V. WHO IS AN INSURED.

Other words and phrases that appear in boldface have special meaning. Refer to SECTION II. DEFINITIONS.

1. **COVERAGE**

**\Ve** shall pay amounts **you** are legally obligated to pay to compensate others for loss resulting from the Insured's **wrongful act(s)** or that of another for whom **you** are legally responsible. The **wrongful act** must first take place during the **policy period** and solely in the conduct of **your professional services** as stated in Item 5. of the Declarations.

1. **DEFINITIONS**
   1. **Bodily Injury** means bodily harm, sickness, or disease, including death resulting therefrom.
   2. **Claim(s)** means a demand for money.
   3. **Discrimination** means the violation of any law, whether statutory or common law, including, but not limited to, race, color, religion, national origin, age, sex, marital status, sexual orientation, handicap, pregnancy, chronic medical condition, or obesity.
   4. **Personal lnj ry** means injury other than **bodily injury** arising out of one or more of the following offenses:
      1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies by or on behalf of its owner, landlord or lessor;
4. Oral or written publication of material that slanders or libels a person or organiwtion, or disparages a person's or organization's goods, pro.ducts, or services; or
5. Oral or written publication of material that violates a person's right of pnvacy.
   1. **Policy Period** means the period commencing on the effective date shown in the Declarations. This period ends on the earlier of the expiration date or the effective date of cancellation of this Policy. If **you** became an Insured under this Policy after the effective date, the **policy period** begins on the date **you** became an Insured and ends on the earlier of the expiration date or the effective date of cancellation of this Policy.
   2. **Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including: smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, material to be recycled, reconditioned or reclaimed, as well as medical waste.
   3. **Professional Services** means those services listed in Item 5. of the Declarations or any other services listed by endorsement.
   4. **Property Damage** means:
6. Physical injury to, or destruction of, tangible property including the loss of use of it; or
7. Loss of use of tangible property, which has not been physically injured or destroyed.
   1. **Suit** means a civil proceeding in a court including an arbitration proceeding.
   2. **We, us** or **our** means the Company issuing this Policy.
   3. **\Vrongful Act** means any breach of duty, neglect, error, misstatement, misleading statement, or omission in performing or failing to perform **professional services** for clients for a fee.
   4. **You** or **your** means the individual, partnership, or corporation designated as the Named Insured in Item 1 of the Declarations. This includes any partner, officer, director, employee, trustee or volunteer thereof, solely while acting in such capacity.
8. **DEFENSE COSTS, CHARGES AND EXPENSES**

**\Ve** shall pay the costs related to the following which are in addition to the Limits of Liability:

* 1. **We** have the right and duty, at **our** expense, to defend and to appoint counsel for any **suit** brought against **you** for a covered **wrongful act,** even if the **suit** is groundless or fraudulent. **Our** duty to defend any **suit** ends after the applicable Limit of Liability has been exhausted by payment of judgments, awards, or interest accruing thereon pnor o, entry of judgment or issuance of an award and settlements.
  2. **We** have the right to investigate any **claim** or **suit** and settle any **claim** or **suit** that

**we** believe is proper.

* 1. 1. **We** shall pay all reasonable costs **we** ask **you** to incur other than loss of earnings while defending a **suit.**

2. **\Ve** shall pay premiums for appeal bonds, or bonds to release property used to secure legal obligation, if required in a **suit we** defend. **We** shall only pay, however, for bonds valued up to **our** applicable Limit of Liability. **We** have no obligation to appeal or to obtain these bonds.

* 1. **\Ve** shall pay all interest on that amount of any judgment up to **our** Limit of Liability:
     1. Which accrues after entry of judgment; and

2. Before **we** pay, offer to pay, or deposit in court that part of the judgment within **our** applicable Limit of Liability.

\Ve.shall not be obligated to make any payment nor undertake or continue defense of any **suit** or proceeding after **our** applicable Limit of Liability has been exhausted by payment of judgments and awards.

1. **EXCLUSIONS**

This Policy shall not apply to:

* 1. Any **bodily injury, property damage** or **personal injury;**
  2. Any fines, penalties, punitive, exemplary damages, or multiplied damages;
  3. Any dishonest, fraudulent, criminal or malicious act, error, or omission; but this exclusion shall only apply if **you** did not personally participate in or direct such act, error, or omission;
  4. Any liability in which **you** expected or intended injury or damage, regardless of whether **you** intended the specific injury or damage sustained;
  5. Any **claim** brought by any person or organization covered under this Policy;
  6. Any obligation of the Insured under any worker's compensation, nnemployment compensation, social security or disability benefits law, or under any similar law;
  7. Any liability **you** assume under any contract or agreement. This exclusion shall not apply to liability:

1. You assume under a contract or agreement, which arises solely from **your wrongful act;** or
2. Which would arise against **you** in the absence of the contract or agreement;
   1. Any **claim** arising from:
3. The actual, alleged, or threatened, discharge, dispersal, seepage, migration, release, or escape of **pollutants;** or
4. Any direction or request, to test for, monitor, cleanup, remove, contain, treat, detoxify, or neutralize **pollutants** or in any way respond to or assess the effects of **pollutants;**
   1. Any **discrimination** on any basis whatsoever;
   2. Any liability or damage because of **wrongful acts** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution or terrorism;
   3. Any liability arising out of a violation of any federal, state, municipal, administrative or other law, order, or regulation;
   4. Any **claim** arising from nuclear fission, nuclear fusion or radioactive contamination;
   5. Any violation of any anti-trust, price fixing or restraint of trade law or any infringement of copyright, patent, trademark, service mark or trade name;
   6. Any non-pecuniary relief;

0. Any disputes involving the Insured's cost estimates, fees, or charges; or

P. Any theft, burglary, robbery, mysterious disappearance, inventory shortage or inventory shrinkage. Further, no coverage shall be provided for any direct or consequential damage resulting from or contributed to by any of the foregoing.

1. **'WHO IS AN INSURED**
2. The following are Insureds:
   1. **You.**
   2. An individual and the individual's spouse are Insureds, but only with respect to the conduct of **your professional services** named in the Declarations of which he or she is the sole proprietor.
   3. A partnership or joint vent re is an Insured. The partnership's partners or joint venture's members and their spouses are also Insureds, but only with respect to the conduct of a partnership or joint venture of **your professional services** named in the Declarations.
   4. If **you** are designated in the. Declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.
   5. **Your** employees, other than **your** executive officers and directors, are Insureds,

!Jut only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your professional services** as stated in Item 5. of the Declarations.

1. **LIMITS OF LIABILITY**
   1. The limits shown in the Declarations to this Policy and the information contained in this section fix the most **we** shall pay regardless of the number of:
2. Persons or organizations covered by this Policy; or
3. Claimants, **claims** made, or **suits** brought.
   1. Each **wrongful act** limit is the most **we** shall pay for all loss that results from a single **wrongful act.**
   2. The Aggregate Limit is the most **we** shall pay for all losses covered under this Policy.
   3. All **claims** arising from continuous, repeated, or related **wrongful acts** shall be treated as one **claim.** Such **wrongful acts** shall be considered to have taken place when the earliest **wrongful act** takes place.
   4. The Limits of Liability of this Policy apply separately to each consecutive annual period and to any remaining period of Jess than 12 months, starting with the beginning of the **policy period** shown in the Declarations, unless the **policy period** is extended after issuance for an additional period of less than 12 months. In that case, the additional period shall be deemed of the last preceding period for purposes of determining the Limits of Liability.

**vn. DEDUCTIBLE**

1. **You** shall be responsible for the deductible amount shown in the Declarations. Expenses we incur in investigating and defending **claims** and **suits** are included in the deductible. The ded i.Jctible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated, or related **wrongful acts** shall be subject to one deductible.

1

1. **We** may pay all or part of the deductible to settle a **claim** or **suit. You** agree to repay **us** promptly after **we** notify **you** of the settlement.
2. **OTHER PROVISIONS AFFECTING COVERAGE**
   1. WHERE COVERAGE APPLIES

**\Ve** cover **wrongful acts** in the United States of America, its territories and possessions, Puerto Rico or Canada, but only if a **claim** is made and a **suit** is brought for such **wrongful act** in the United States of America, its territories and possessions, Puerto Rico, or Canada.

* 1. **YOUR** ASSISTANCE AND COOPERATION
     1. You agree to cooperate with and help **us:**
        1. Make settlements;
        2. Enforce any legal rights **you** or **we** may have against anyone who may be liable to **you;**
        3. Attend depositions, hearings and trials; and
        4. Secure and give evidence, and obtain the attendance of witnesses.

**You** shall not admit any liability, assume any financial obligation, or pay out any money without **our** prior consent. If **you** do, it shall be at **your** own expense.

* 1. LAWSUITS AGAINST **US**
     1. No one can sue **us** to recover under this Policy unless all of the terms have been honored.
     2. A person or organization may sue **us** to recover up to the Limits of Liability under this Policy only after yourJiability has been decided by:
        1. Trial, after which a final judgment has been entered; or
        2. A written settlement agreement signed by **you, us,** and the party makingthe **claim.**
  2. BANKRUPTCY

**You** or **your** estate's bankruptcy or insolvency does not relieve **us** of **our**

obligations under this Policy.

* 1. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**\Ve** may examine and audit **your** books and records as they relate to this Policy at any time during the **policy period** and up to three years afterward.

* 1. INSPECTIONS AND SURVEYS

**\Ve** have the right but are not obligated to:

* + 1. Make inspections and surveys at any time;
    2. Give **you** reports on the conditions **we** find; and
    3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. **\Ve** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **we** do not represent that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to **us,** but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on **our** behalf.

* 1. PREMIUMS

The first Named Insured shown in the Declarations:

* + 1. Is responsible for the payment of all premiums; and
    2. Shall be the payee for any return premiums **we** pay.
  1. OTHER MEMBER COMPANIES OF THE AMERICAN INTERNATIONAL GROUP, INC. POLICIES
     1. Two or more insurance policies may be issued by **us** or other member companies of American International Group, Inc. These policies may provide coverage for:
        1. **Claims** or **suits** arising from the same or related **wrongful act;** and
        2. Persons or organizations covered in those policies that are jointly and severally 1liable.
     2. In such a case, **we** shall not be liable under this Policy for an amount greater than the proportion of the loss that this Policy's applicable Limit of Liability bears to the total applicable limits of insurance under all such policies.

In addition, the total amount payable under all such policies is the highest, single applicable Limit of Liability among all such policies.

* 1. TRANSFER OF **YOUR** RIGHTS AND DUTIES UNDER THIS POLICY

**Your** rights and duties under this Policy may not be transferred without **our**

written consent except in the case of death of an individual Named Insured.

If **you** die or are declared legally bankrupt, **your** rights and duties shall be transferred to **your** legal representative but only while acting within the scope of duties as **your** legal representative. Until **your** legal representative is appointed anyone having proper temporary custody of **your** property shall have **your** rights and duties but only with respect to that property.

* 1. CHANGES

**You** are authorized to make changes in the terms of this Policy with **our** written consent. This Policy's terms can be amended or waived only by endorsement issued by **us** and made a part of this Policy.

* 1. CONFORMANCE TO STATUTE

To the extent a term of this Policy conflicts with a statute of the State within which this Policy is issued, the term shall be deemed amended so as to conform to minimum requirements of the statute.

* 1. DUTIES IN THE EVENT OF **WRONGFUL ACT, CLAIM OR SUIT**

1. **You** must see to it that **we** are notified as soon as practicable of a **wrongful act** which may result in a **claim.** To the extent possible, notice should include:
   1. How, when, and where the **wrongful act** took place;
   2. The names and addresses of any injured persons and witnesses; and
   3. The nature and location of any injury or damage arising out of the

**wrongful act.**

1. If a **claim** is made or **suit** is brought against any Insured, **you** must:
   1. Immediately record the specifics of the **claim** or **suit** and the date received; and
   2. Notify **us** as soon as practicable.

**You** must see to it that **we** receive written notice of the **claim** or **suit** as soon as practicable.

1. **You** and any other involved Insured must:
   1. Immediately .send **us** copies of any demands, notices, summonses or legal papers received in connection with the **claim** or **suit;**
   2. Authorize **us** to obtain records and other information;
   3. Cooperate with **us** in the investigation or settlement of the **claim** or defense against the **suit;** and
   4. Assist **us,** upon **our** request, in the enforcement of any right against any person or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.
2. No Insureds shall, except at the Insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without **our** consent. -

M\_ NOTICE OF **\VRONGFUL ACT** BY **YOUR** AGENT

Any failure of **your** agent, servant or employee, other than an executive officer of **your** corporation, partner of any partnership Insured, or the owner, to notify **us** of any **wrongful act** of which he has knowledge shall not invalidate the insurance afforded **you** under this Policy.

1. SEPARATION OF INSUREDS

Except with respect to the Limits of Liability, and any rights or duties specifically assigned in this Policy to the first Named Insured, this insurance applies:

* 1. As if each Named Insured were the only Named Insured; and
  2. Separately to each Insured against whom a **claim** is made or a **suit** is brought.

1. OTHER INSURANCE

**We** shall be excess over any other insurance including, but not limited to, any self­ insurance. If there is other insurance which applies to the loss resulting from a **wrongful act** the other insurance shall pay first. This Policy applies to the amount of loss which is more than:

1. The Limits of Liability of the other insurance; and
2. The total of all deductibles and self-insured amounts under all such other insurance.

**\Ve** shall not pay more than **our** Limits of Liability.

1. REPRESENTATIONS
   1. By accepting this Policy, **you** agree that the statements in the Application and Declarations are true;
   2. **You** agree that this Policy is issued in reliance upon the truth of those representations; and
   3. Any and all relevant provisions may be voided by us in any case of fraud, intentional concealment, or misrepresentation of material fact by **you.**
2. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If **you** have rights to recover all or part of any payment **we** have made under this Policy, those rights are transferred to **us. You** shall do nothing to impair them. At **our** request, **you** shall bring **suit** or transfer those rights to **us** and help **us** enforce them.

1. ARBITRATION
   1. Any controversy arising out of or relating to this Policy or its breach shall be settled by arbitration in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of three (3) arbitrators. One of the arbitrators shall be chosen by **you** and one arbitrator shall be chosen by **us.** Those two arbitrators shall then choose the third arbitrator. Unless the parties otherwise agree, the arbitration shall be held in the Insured's state of domicile.
   2. Unless the parties otherwise agree, within thirty (30) days of the parties submitting their case and related documentation, the arbitration panel shall issue a written decision resolving the controversy and stating the facts reviewed, conclusions reached, and the reasons for reaching those conclusions. The arbitration panel may make an award of compensatory damages, but shall not award punitive or exemplary damages. The findings of the arbitration panel, however, shall be binding upon **you** or **us.**
   3. **You** shall bear the expense of the arbitrator chosen by **you. We** shall bear the expense of the arbitrator chosen by **us. You** and **we** shall share equally the expense of the other arbitrator. The arbitration panel shall allocate any remaining costs ofthe arbitration proceeding.
2. TITLES OF PARAGRAPHS .

Titles of paragraphs are inserted solely for convenience of reference and shall not be deemed to limit, expand or otherwise affect the provisions to which they relate.

1. WHEN \VE DO NOT RENEW

If **we** decide not to renew this policy, **we** shall mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than sixty (60) days before the expiration date. If notice is mailed, proof of mailing shall be sufficient proof of notice.

1. **CANCELLATION**
2. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to **us** advance written notice of cancellation.
3. **We** may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
   1. Ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium; or
   2. Thirty (30) days before the effective date of cancellation if **we** cancel for any other reason.
4. **\Ve** shall mail or deliver our notice to the first Named Insured's last mailing address known to **us.**
5. Notice of cancellation shall state the effective date of cancellation. This Policy period shall

end on that date.

1. If this Policy is canceled, **we** shall send the first Named Insured any premium refund due. If **we** cancel, the refund shall be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation shall be effective even if we have not made or offered a refund.
2. If notice is mailed, proof of mailing shall be sufficient proof of notice.
3. If **you** cancel **you** shall return the Policy or a properly executed Lost Policy Release by mail or delivery to **us** or **our** Program Administrator within 7 days of the effective date of cancellation.

IN WITNESS WHEREOF, **we** have caused this Policy to be signed by **our** President and Secretary and countersigned where required by law on the Declarations page by **our** duly authorized representative.

Secretary President

**New Hampshire Insurance Company**

Home Office: 2005 Market Street, Philadelphia, PA 19103

**Executive Offices: 70 Pine Street, New York, NY 10005**

**Aestheticians - Electrologists - Day Spa Professional Liability Insurance Application**

1. Primary Applicant Name: Policy Effective Date: \_
2. Mailing Address:

3. Telephone:-------------------Fax:-----------------

1. Type of Ownership: 0 Corporation
2. **Type of Business:** 0 **Aesthetician**
3. Is the applicant part of a Franchise?

0 Not for profit O Partnership O Sole Proprietorship (Individual)

0 **Electrologist** O **Day Spa** O **Other \_**

OYes ONO

1. Are there any locations the applicant owns that will not be specifically insured by this policy?
2. Location 1 Information (for additional locations, list information on separate sheet)

OYes ONo

1. Location 1: Address: County: \_
2. Interest in building: 0 Tenant 0 Owner
3. Gross receipts (for this location): \_

**12. Limits of Liability:** 0 **$1,000,000 occ./$2,000,000 agg.** 0 **$2,000,000 occ./$4,000,000 agg.**

Note: A $25 property damage deductible shall apply to each claim for Aestheticians or Electrologists. A $500

**property damage deductible shall apply to each claim for Day Spa operations.**

1. **Select desired coverages:** 0 **Professional Liability Only** O **Professional Liability and Premises Liability Coverage**
2. Please indicate which of the following services are performed.

•Electrolysis OYes ONo •Facial & skin cleansing OYes ONo

•Exfoliation OYes ONo •Waxing OYes ONo

•Oil treatments OYes ONo •Manicure or pedicure OYes ONo

•Hydrotherapy OYes ONo •Aromatherapy OYes ONo

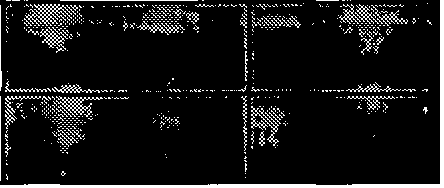
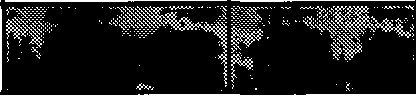
•Body Wraps OYes ONo •Facial & scalp massage OYes ONo

•Massage & touch therapy OYes ONo •Mud, clay & seaweed treatments OYes ONo

•Tanning beds, booths or facial tanning units OYes ONo •Personal trainers/exercise equipment OYes ONo

•Tattoo or permanent makeup OYes ONo •Body piercing (other than ear lobe) OYes ONo

**1. Indicate below how many employees of each classification work for you:**



Full Time Part Time Student

Full Time Part Time Student

**Electrologist**

**Manicurist**

**Aesthetician**

**Beautician**

Masseuse

Hydrotherapy # of units

Tanning Bed # of units

Exercise Equipment# of units

68319 (7/97)

1. Are all technicians licensed if required by law? O Yes O No ,\_

If so, please list the state, license number and expiration date on separate sheet of paper for all technicians.

1. ADDITONAL INSUREDS:

Location------------

Name:

Address:

Interest:------------

1. Loss Information (3-5 years, attach prior carrier loss runs to applicant)

|  |  |  |
| --- | --- | --- |
| Date | Description of Loss  (attach sheet with further description if necessary | Amount Incurred  (Include reserves) |
|  |  |  |
|  |  |  |

1. **Current Insurance Carrier** & **Policy Number: (Not required** in **Missouri)**
2. **The applicant represents that the statements set forth herein are true, and that if the information supplied on this application changes between the date of this application and the date on which coverage is bound, the applicant will immediately notify the insurance company of such changes. The signing of this application does not bind the insurance company to provide the requested coverage, but it is agreed that if a policy is issued, this application shall be the basis for the policy, and it will be attached to and made part of the policy.**

**Notice To New York Applicants:** "Any person who.knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."

**Notice To Ohio Applicants:** "Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud."

**Notice To Kentucky Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for

insurance containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime."

**Notice To Pennsylvania Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

**Notice To New Jersey Applicants:** "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalti s."

**Notice To Florida Applicants:** "Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree."

**Notice To Colorado Applicants:** "It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. penalties may include imprisonment, fines, denial of insurance, and civil damages.

Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the colorado division of insurance within the department ofregulatory agencies."

**Notice To Minnesota Applicants:** "A person who submits an application or files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime."

**Notice To Arkansas Applicants:** "Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Signature of Applicant Date Agent Date

**New Hampshire Insurance Company**

Home Office: 200f - cirket Street, Philadelphia, PA 19103 Executive Offices: *i"O* Pine\_ Street, New Yo k, NY 10005

**Aestheticians - Electrologist$ - Day Spa Professional Liability Insurance Application**

1. Primary Applicant Name: Policy Effective Date: \_
2. Mailing Address:
3. Telephone:
4. Type of Ownership: **D** Corporation
5. **Type of Business:** D **Aesthetician**
6. Is the applicant part of a Franchise?

Fax: \_

DNot f r profit D Partnership D Sole Proprietorship (Individual)

**D Electrologist** D **Day Spa D Other \_**

OYes DNo

1. Are there any locations the applicant owns that will not be specifically insured by this policy?
2. Location **1** Information (for additional locations, list information on separate sheet)

**DYes DNo**

9. Location 1: Address: ---------,-----County: \_

1. Interest in building: D Tenant D Owner
2. Gross receipts (for this location): \_

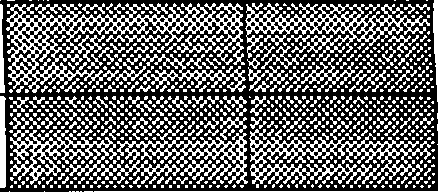
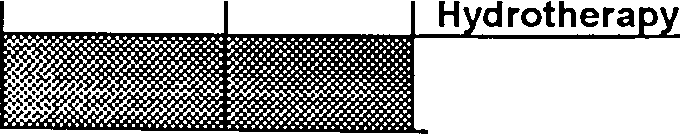
**12. Limits of Liability: D $1,000,000 occ./$2,000,000 agg. D $2,000,000 occ./$4,000,000...agg.**

**Note: A $25 property damage deductible shall apply to each claim for Aestheticians or Electrologists. A $500 property damage deductible shall apply to each claim for Day Spa operations.**

1. **Select desired coverages:** D **Professional Liability Only** D **Professional Liability and Premises Liability Coverage**
2. Please indicate which of the following services are performed.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| •Electrolysis | DYes | DNo | •Facial & skin cleansing | DYes | DNo |
| •Exfoliation | DYes | DNo | •Waxing | DYes | DNo |
| •Oil treatments | DYes | DNo | •Manicure or pedicure | DYes | DNo |
| •Hydrotherapy | DYes | DNo | •Aromatherapy | DYes | DNo |
| •Body Wraps | DYes | DNo | •Facial & scalp massage | DYes | DNo |
| •Massage & touch therapy | DYes | DNo | •Mud, clay & seaweed treatments | DYes | DNo |
| •Tanning beds, booths or facial tanning units | DYes | DNo | •Personal trainers/exercise equipment | DYes | DNo |
| •Tattoo or permanent makeup | DYes | DNo | •Body piercing (other than ear lobe) | DYes | DNo |

1. Indicate below how many employees of each classification work for you:



Full Time

Part Time

Student

Full Time

Part Time

Student

Electrologist

Manicurist

Aesthetician

Beautician

Masseuse

# of units

Tannin Bed# of units

Exercise E ui ment # of units

68319 (7/97) 1

1. Are all technicians licensed if required by law? D Yes D No

If so, please list thestate, license number and expiration date on separate sheet of paper for all technicians.

1. ADDITONAL INSUREDS:

Location \_

Name: Address: \_

Interest: \_

1. Loss Information (3-5 years, attach prior carrier loss runs to applicant)

|  |  |  |
| --- | --- | --- |
| Date | Description of Loss  (attach sheet with further description if necessary | Amount Incurred (Include reserves) |
|  |  |  |
|  |  |  |

1. Current Insurance Carrier & Policy Number: (Not required in Missouri)
2. The applicant represents that the statements set forth herein are true, and that if the information supplied on this application changes between the date of this application and the date on which coverage is bound, the applicant will immediately notify the insurance company of such changes. The signing of this application does not bind the insurance company to provide the requested coverage, but it is agreed that if a policy is issued, this application shall be the basis for the policy, and it will be 2-ttached to and made part of the policy.

Notice of New York Applicants: "Any person knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act which is a crime, a person who commits such crime shall also be subject to a civil penalty not to exceed $5,000 and the stated value of the claim for each violation."

Notice to Ohio Applicants: "Any person who with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud".

Notice to Kentucky Applicants: "Any person who knowingly and with intent to defraud any insurance company or other person files

an application for insurance containing any materially false information., or conceals for the purpose of misleading information

concerning any fact material thereto, commits a fraudulent insurance act, which is a crime".

Notice to Pennsylvania Applicants: "Any person who knowing and with intent to defraud any insurance company or other person files an application for insurance or statement of claim concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subject such person to criminal and civil penalties".

Notice to New Jersey Applicants: "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties".

Notice to Florida Applicants: "Any person knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree".

Notice to Colorado Applicants: "It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Pena!tles may include imprisonment, fines, denial of insurance and civil damage. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of insurance within the Depar:tment to Regulatory Agencies.•

Notice to Minnesota Applicants: "any person who submits an application or files a claim with intent ot defraud or helps to commit a fraud against an insurer is guilty to a crime"

Notice to Arkansas Applicants: "Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Signature of Applicant Date Agent Date

**New Hampshire Insurance Company**

This Endorsement effective 12:01 AM. forms a part of Policy No. Issued to

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Day Spa Endorsement**

1. Section II. Definitions is amended to include the following definitions:
   * **Day Spa** means a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. **Day Spa** treatments include, but are not limited to the following:
     + Facials & sk n cleansing;
     + Exfoliation;
     + Waxing;
     + Body wraps;
     + Massage & touch therapy;

**o** Hydrotherapy;

* + - Aromatherapy;
    - Oil treatments;
    - Mud, clay & seaweed treatments;
    - Tanning beds, booths or facial tanning machines;
    - Manicure or pedicure;
    - Electrolysis; or
    - Personal trainers / exercise equipment.

1. Section IV. Exclusion A. is deleted in its entirety.
2. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
3. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from the **wrongful acts** of **your Day Spa** operation.
4. Any **claim** arising from:
   * Plastic surgery; or
   * Removal of warts, moles, or other growths.

**New Hampshire Insurance Company**

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products:
   * Manufactured by **you** or any other Insured;
   * Bottled or rebottled by **you** or any other Insured; or
   * Packaged or repackaged by **you** or any other Insured.
     + i
3. Any **claim** arising out of any equipment which has been modified or altered from manufacturer standards or do not meet federal, state or municipal safety requirements.
4. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said u e.
5. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.

® Any **claim** under this Professional Liability Policy which may be covered under **your** General Liability Coverage, Business Owners Package Coverage or similar coverage whether or not the applicable limit of coverage thereunder has been exhausted.

5. Any **claim** arising from any **wrongful act** while **you** did not .have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

**New Hampshire Insurance Company**

This Endorsement effective 12:01 AM. forms a part of Policy No. Issued to

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Aestheticians** & **Electrologists Endorsement**

A Section II. Definitions is amet).d.ed to include the following definitions:

* **Aesthetician** means a person or practitioner of **aesthetics.**
* **Aesthetics** means any one or a combination of the following skin care practices which are performed for cosmetic purposes:

1. Cleansing, stimulating, manipulating, exercising, beautifying or applying oifs, creams, antiseptics, clays, lotions, or other preparations to the skin either by hand or by mechanical or electrical appliance(s);
2. Facial or scalp massage;
3. Arching eyebrows or tinting eyebrows and eyelashes; or
4. Removing superfluous hair by means other than electrolysis.

* **Electrologist** means a person or practitioner of **electrolysis.**
* **Electrolysis** means the eradication· of unwanted hair for cosmetic purposes through the use of Federal Drug Administration approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

1. Section IV. Exclusions, Exclusion A is deleted in its entirety.
2. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
   1. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from **your wrongful acts** as an **aesthetician or electrologist.**
   2. Any **claim** arising from:
      * Plastic surgery; or
      * Removal of warts, moles, or other growths.

**New Hampshire Insurance Company**

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods·or products:
   * Manufactured by **you** or any other insured;
   * Bottled or rebottled by **you** or any other insured, or
   * Packaged or repackaged by **you** or any other insured.
3. Any **claim** arising out of:
   * Body massage other than facial or scalp massage;
   * Steam baths;
   * Sauna;
   * Body wrapping; or
   * Sun tanning.
4. Any **claim** arising out of the use of **electrolysis** equipment which has been modified or altered from manufacturer standards or does not meet federal,

:.;tate or municipal safety requirements.

1. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
2. Any **claim** ansmg · from tattoos, permanent makeup or body piercing.

:However, this exclusio\_n shall\_ not apply to piercing of the earlobe area up \_to but not including the helix.

1. Any **claim** under this Professional Liability Insurance Policy which may be covered under **your** General Liability Coverage, Business Owners Package Coverage or similar coverage whether or not the applicable limit of coverage has been exhausted.
2. Any claim arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

This Endorsement effective 12:01 AM. forms a part of Policy No. Issued to

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Additional Insured Endorsement**

Section V. WHO IS AN INSURED is amended to include the person or organization shown in the schedule below, but only with respect to liability arising out of **your** operations, or premises owned or rented to **you.**

Schedule

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

All other terms, conditions, and exclusions shall re!llain unchanged.

Authorized Representative

NEW YORK. AMENDATORYENDORSEMENT

This endorsement, effective forms a part of

policy no.: by:

issued to

Wherever used in this endorsement: 1)"'Insurer" means the insurance company which issued this policy; and 2)"Insured" means the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

CANCELLATION AND NONRENEWAL

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. The cancellation provision is deleted and replaced by the following:
   1. CANCELLATION BY THE INSURED

This policy may be cancelled by the Insured by surrender of this policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The Policy Period terminates at the date and hour specified in such notice, or at the date and time of surrender.

* 1. CANCELLATION, NONRENEWAL AND CONDITIONAL RENEWAL BY THE INSURER
     1. If this policy has been in effect for sixty (60) or fewer days when cancellation notice is mailed, and this policy is not a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than twenty (20) days thereafter (fifteen (15) days thereafter if cancellation is because of one of the reasons for cancellation set forth in subsection (ii) below) the cancellation shall be effective. Notice of cancellation issued by the Insurer shall specify the grounds for cancellation.
     2. If this policy has been in effect for more than sixty (60) days when notice of cancellation is mailed, or if this policy is a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than fifteen (15) days thereafter the cancellation shall be effective; however, such cancellation must be based on one or more of the following:
        1. nonpayment of premium;
        2. conviction of a crime arising out of acts increasing the hazard insured against;
        3. discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim

thereunder;

58241(10/95) Page 1 of 4

(I)

after issuance of the policy or af\er the last renewal date, discovery of an act or omission, or .a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current Policy Period; material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed; .

required pursuant to a determination by the New York Superintendent o( Insurance that continuation of the present premium volume of the Insurer would jeopardize the Insurer's solvency or be hazardous to the interests of Insureds of the Insurer, its creditors or the public;

1. determination by the New York Superintendent of Insurance that the continuation of the policy would violate, or would place the Insurer in violation of, any provision of the New York Insurance Law;

revocation or suspension of an Insured's license to practice his profession; or

where the Insurer has reason to believe that there is a probable risk or danger that the Insured will destroy or permit the destruction of the insured property for the purpose of collecting the insurance proceeds, provided, however, that:

(I) a notice of cancellation on this ground shall inform the Insured in plain language that the Insured must act within ten days if review by the department of the ground for cancellation is desired pursuant to item (3) of this subparagraph (I);

1. notice of cancellation on this ground shall be provided simultaneously by the Insurer to the department; and
2. upon written request of the Insured made to the department within ten days from the Insured's receipt of notice of cancellation on this ground, the department shall undertake a review of the ground for cancellation to determine whether or not the Insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the department finds no sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.

Notice of cancellation by the Insurer shall specify the grounds for cancellation.

58241(10/95) Page 2 of 4

* + 1. (1) The Insurer shall mail to the Insured, and to his authorized insurance agent or broker, written notice indicating the Insurer's intention:
       1. not to renew this policy;
       2. to condition its renewal upon change of limits, change in type of coverage, reduction of coverage, increased deductible or addition of exclusions or upon increased premiums in excess of ten percent; (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating, loss rating, or audit);
       3. that the policy 'Viii not be renewed or will not be

renewed upon the same terms, conditions or rates; such alternative renewal notice must be mailed or delivered on a timely basis and advise the Insured that a second notice shall be mailed at a l .ter date indicating the Insurer's intention as specified in subparagraph (A) or

(B) of this paragraph (1) and that coverage shall continue on the same terms, conditions and rates as expiring, until the later of the expiration date or sixty

(60) days after the second notice is mailed or delivered; such alternative renewal notice also shall advise the insured of the availability of loss information and, upon written request, the request, the insurer shall furnish such loss information within twenty days to the insured.

* 1. A nonrenewal notice as specified in subparagraph (A), a conditional renewal notice as specified in subparagraph (B), and the second notice described in subparagraph (C) of paragraph (1) of this subsection (iii) shall contain the specific reason or reasons for nonrenewal or conditional renewal, and set forth the amount of any premium increase and nature of any other proposed changes.
  2. The notice required by paragraph (1) of this subsection (iii) shall be mailed at least sixty (60) but not more than one hundred twenty (120) days in advance of the end of the Policy Period.
  3. (A) If the Insurer employs an alternative renewal notice as authorized by subparagraph (C) of paragraph (1) of this subsection (iii), the Insurer shall provide coverage on the same terms, conditions, and rates as the expiring policy, until the later of the expiration date or sixty

(60) days after the mailing of the second notice described in such subparagraph.

1. Prior to the expiration date of the policy, in the event that an incomplete or late conditional renewal notice or a late nonrenewal notice is provided by the Insurer, the Policy Period shall be extended, at the same terms and conditions as the expiring policy, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extension, and at the lower of the current rates or the prior period's rates, until sixty

(60) days after such notice is mailed, unless the Insured elects to cancel sooner.

1. In the event that a late conditional renewal notice or a late nonrenewal notice is provided by the insurer on or after the expiration date of the policy, ·coverage shall remain in effect on the same terms and conditions of the expiring policy for another required policy period, and at the lower of the current rates or the prior period's rates unless the insured during the additional required policy period has replaced the coverage or elects to cancel, in which event such cancellation shall be on a pro rata premium basis.

(iy) Nothing herein shall be onstrued to limit the grounds for which the Insurer may lawfully rescind this policy or decline to pay a claim under this policy.

1. Notice required herein to be mailed to the Insured shall be mailed to the Insured at the address shown in Item 1 of the Declarations.

Notice required herein to be mailed by the Insurer shall be sent by registered, certified or other first class mail. Delivery of written notice shall be equivalent to mailing.

Proof of mailing of such notice as aforesaid shall be sufficient proof of notice. The Policy Period shall terminate at the effective date and hour of cancellation or nonrenewal specified in such notice. ·

1. If this policy shall be cancelled by the Insured, the Insurer shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the Insurer, the Insurer shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurer shall not be a condition of cancellation, but such payment shall be made as soon as practicable.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

**ENDORSEMENT**

This endorsement effective forms a part of policy no.: issued to:

by:

**NEW YORK AMENDATORY ENDORSEMENT**

The policy is hereby amended as follows:

1. Section **VTI. DEDUCTIBLE** is deleted in its entirety and replaced by the following:
   1. **You** will be responsible for the deductible amount shown in the Declarations. The deductible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated or related **wrongful acts** shall be subject to one deductible.
   2. **We** may pay all or part of the deductible to settle a **claim** or **suit. You**

agree to repay **us** promptly after **we** notify **you** of the settlement.

1. Subsection H. OTHER MEMBER COMPANIES OF THE AMERICAN INTERNATIONALGROUP, INC. POLICIES of Section **VID. OTHER PROVISIONS AFFECTING COVERAGE** 1s deleted in its entirety.
2. Subsection M. NOTICE OF **WRONGFUL ACT** BY **YOUR** AGENTof Section **Vill. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

Notice given by or on behalf of **you** to any of **our** authorized agents, with particulars sufficient to identify **you,** shall be deemed notice to **us.**

1. Subsection C. LAWSUITS AGAINST US of Section **VID. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

No one can sue **us** to recover under this policy unless all of its terms have been honored.

A person or organization may sue **us** to recover up to the limits of coverage under this policy only after **your** liability has been decided by:

* 1. A judgment against **you;**
  2. A written agreement signed by **you, us** and the party making the **claim.**

1. Subsection 0. OTHER INSURANCE of Section **VID. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

Where other valid and collectible insurance is available to **you** for losses covered under the terms and conditions of the policy, **our** obligation to **you** shall be as follows:

1. This insurance is primary, and **our** obligations are not affected unless any of the other insurance is also primary. In that case, **we** will share with all that other insurance bythe method described in paragraph (2) below.
2. If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does

not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**You** shall promptly upon **our** request provide **us** with copies of all policies potentially applicable against the liability covered by this policy.

All other terms, conditions and exclusions shall remain unchanged.

AUTHORIZED REPRESENTATIVE

This endorsement, effective A.M. forms a part of Policy No. issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY NEW YORK AMENDATORY ENDORSEMENT

The Policy is hereby amended as follows:

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision E. EXAMINATION OF YOUR BOOKS AND RECORDS is deleted in its entirety and replaced with the following:

E. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**We** may examine and audit your books and records as they relate to this Policy at any during the policy period and up to 180 days afterward.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision P. REPRESENTATIONS is deleted in its entirety and replaced with the following:
2. REPRESENTATIONS

By accepting this Policy, **you** agree:

* 1. The statements in the Application and Declarations are accurate and complete;
  2. Those statements are based upon representations **you** made to **us;** and
  3. **We** have issued this Policy in reliance upon **your** representations.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE is amended to include the following additional provision:
2. TRANSFER OF DUTIES WHEN LIABILITY LIMIT IS EXHAUSTED
   1. If **we** conclude that, based on **wrongful acts, claims,** or **suits** which have been reported to **us** and to which this insurance may apply, the Aggregate Limit is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
3. When the Aggregate Limit has actually been used up in the payment of judgments or settlements:
   1. **We** will notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and **our** duty to defend **suits** seeking damages subject to that limit has also ended.
   2. **We** will initiate, and cooperate in, the transfer of control, to any appropriate Insured, of all **claims** and **suits** seeking damages which are subject to that limit and which are reported to us before that limit is used up. **You** must cooperate in the transfer of control of said **claims** and **suits.**

**We** agree to take such steps, as **we** deem appropriate, to avoid a default in, or to continue the defense of, such **suits** until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

We will take no action whatsoever with respect to any **claim** or **suit** seeking damages that would have been subject to that limit, had it not been used up, if the **claim** or **suit** is reported to **us** after that limit of insurance has been used up.

* 1. The first Named Insured, and any other insurer involved in a **suit** seeking damages subject to that limit, must arrange for the defense of such **suit** within such time period as agreed to between the appropriate Insured and **us.** Absent any such agreement, arrangements for the defense of such **suit** must be made as soon as practicable.

1. The first Named Insured will reimburse **us** for the expenses **we** incur in taking those steps **we** deem appropriate in accordance with paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on either the date on which the Aggregate Limit is used up, if we sent notice in accordance with paragraph I. above, or the date on which **we** sent notice in accordance with paragraph 2.a. above, if we did not send notice in accordance with paragraph I. above.

1. The exhaustion of the Aggregate Limit of insurance by the payments of judgment or settlements, and the resulting end of **our** duty to defend will not be affected by **our** failure to comply with any of the terms of this Provision.
2. Section IV. EXCLUSIONS, Provision C. is deleted in its entirety and replaced with the following:

C. Any dishonest, fraudulent, criminal or malicious act, error or omission;

**All other terms, provisions, conditions, and exclusions shall remain unchanged.**

Authorized Representative

Includes copyrighted material of Insurance Services Office, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1994

|  |  |  |
| --- | --- | --- |
| This endorsement, effective  Policy No. | A.M.  issued to | forms a part of |
| By: |  |  |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

**PROFESSIONAL LIABILITY INSURANCE POLICY**

. **New York Premises Liability Coverage Endorsement**

The Policy is amended as follows:

1. Section I. Coverage is amended to include the following as an additional coverage: Premises Liability

**We** shall pay amounts **you** are legally obligated to pay to compensate others for **bodily injury** or **property damage** arising out of an occurrence on premises owned, rented, or used by **you** in the conduct or the providing of **your professional services** as stated in the Item 5. of the Declarations. The **bodily injury** or **property damage** must take place during the **policy period.**

1. For the purposes of this Endorsement only and with respect to the coverage granted above, Section IV. Exclusions, Exclusion A. is deleted in its entirety.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

This endorsement, effective A.M. forms a part of

Policy No. By:

issued to

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY

**New York Retroactive Date Endorsement**

This Policy is amended as follows:

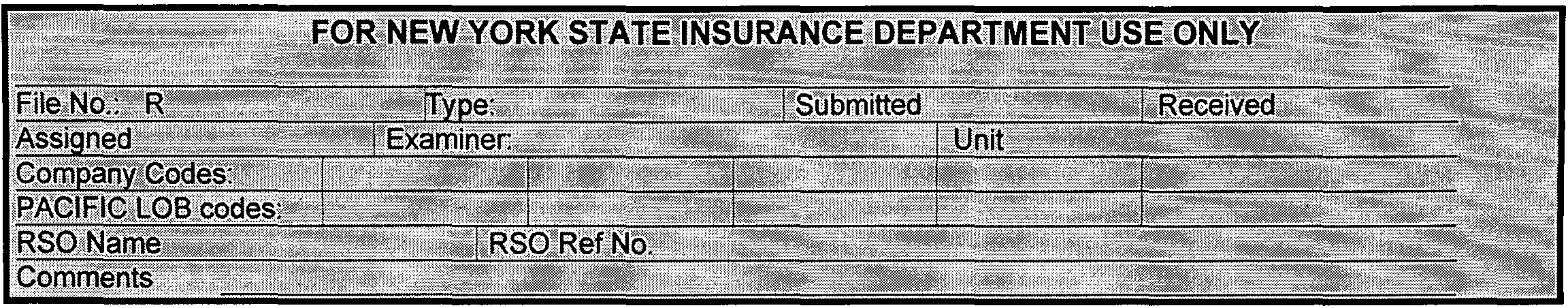
In consideration of payment of an additional premium $ and for the purposes of this Endorsement only,

1. The Declarations page is amended to include the following: Retroactive Date-----------
2. Coverage under this policy is extended to include **claims** for **wrongful acts** arising solely in the conduct of **your** activities as covered under this Policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period** and the **claim** is reported to **us** in writing during the **policy period.**
3. In no event shall coverage offered by this Endorsement apply to any loss, **claim,** or **suit** reported to a prior insurance carrier nor shall coverage apply to any loss, claim or suit of which the Insured had knowledge prior to the inception date of this Endorsement.

All other terms, conditions, and exclusions remain µnchanged.

Authorized Representative

**REPORT OF CHANGES IN RATES, PROSPECTIVE LOSS COSTS AND RATING RULES NYSID FORM 129-B**

1. INSURER INFORMATION

Insurer's NAIC Code I o I 11 2 I - 213181411 I

New Hampshire Insurance Company AIC-97-PR-11

Name of Insurer

1. FILING INFORMATION
   1. Type of filing

(check all that apply)

Insurer's File No.

1. RSO rates, prospective loss costs and/or rules D
2. Independent rates and/or rules
3. Adoption of RSO rates and/or rules (must complete Part D) D
4. Adoption of RSO Loss Cost (must complete Part E and, if applicable Part F) D
5. Other (specify) D
   1. Indicate kind or type of insurance affected by this filing: Aestheticians & Electrologists/Day Spa Program
   2. Is this filing for a new program or does it otherwise include rates

for which your company does not presently have rates in effect? Yes No D

* 1. Proposed Date(s) of implementation New Business 3/ 13 /97

Renewals / /

* 1. Insurer's Annual Written Premium (AWP)

for the market affected by the proposed revision:

* 1. Overall Statewide effect of this revision on the AWP indicated in (5) above: (indicate "+" or"-")

$ I I I I, I I I I, I I I I

* 1. Has investment income been considered in this filing:

D

(Please attach investment income exhibit) Yes **No**

* 1. What is the largest and smallest cumulative effect of all rate, class, territory, increased limits factor, package modifier and any other ratin..9.-tactor cha,!!9,es on any individual class of insureds affected ,QY\_,this filing: (inidcate "+" or"-") Largest: Smallest:

D uDD . LJ0% D ODD . 0LJ%

* 1. List the last four (4) rate revisions, with respective effective dates, including every revision filed during the preceding twelve (12) months, for the class of business affected by this rate revision, indicating the overall

rate level effect of each, and whether each such revision was on a file and use or prior approval basis:

Effective Date(s)

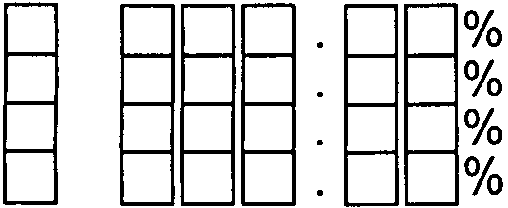
*I I*

*I I*

*I I*

*I I*

Rate Effect (lnidicate "+" or"-")

File and Use File and Use

File and Use File and Use

Prior Approval Prior Approval

Prior Approval Prior Approval

New York State Insurance Department Form 129-B (Ed. 1/93)

1. FLEX-RATING INFORMATION

D

* 1. Does any portion of this filing affect a market subject to Flex-rating? Yes No

**If the answer to (1) is "no," skip remaining questions 2 through 6 and go on to the next applicable Part.**

* 1. What percentage flex-band applies to the market affected by this filing? +/- %
  2. Does this revision result in rate level changes that would exceed the flex-

D D

band applicable to this market? Yes No

* 1. Does this revision include any changes in class, territory, increased limit factors, package modifier or similar rating factor which affects the rates of any individual

D D

insured by more than+/- 20% in addition to the overall statewide revision? Yes No

* 1. Has this insurer made three (3) or more rate filings affecting

this market in the preceding twelve (12) months? Yes D No D

**IMPORTANT**

**IF ANY OF THE RESPONSES TO QUEST.IONS 3 THROUGH 5 ABOVE IS "YES", THE FILING IS SUBJECT TO THE SUPERINTENDENT'S PRIOR APPROVAL.**

* 1. On an attached schedule, please set forth (by class and territory) the rate level effect of this filing, indicating any applicable flex-band(s) and Pivot Rate Level(s) for this kind of business.

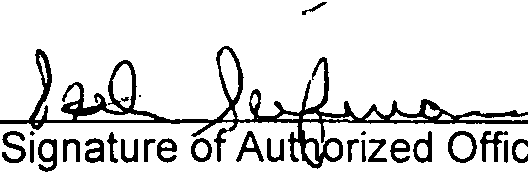
AFFIRMATION

I, Seth Seifman, a duly authorized officer of New Hampshire Insurance Compan)( do hereby affirm that the foregoing information, including the following (check all that apply):

0 PART D -ADOPTION OF RATES AND/OR RULES OF A RATE SERVICE ORGANIZATION

0 PART E -ADOPTION OF PROSPECTIVE LOSS COSTS OR A RATE SERVICE ORGANIZATION PART F -CALCULATION OF EXPECTED LOSS RATIO

INVESTMENT INCOME EXHIBIT

and all other attached exhibits, schedules and supporting information, is true to the best of my knowledge and belief.

February 6, 1998

Date

Seth Seifman Name of Authorized Officer (please print)

State Filings Analyst Title

(212) 820-4656

160 Water Street, 23rd Floor Address of Insurer

New York, NY 10038 City State Zip Code

(212) 820-4670

Direct Telephone Number Fax Number

New York State Insurance Department 2 Form 129-8 (Ed. 1/93)

New Hampshire Insurance Company

**Aestheticians** & **Electrologists** / **Day Spa Professional Liability**

**Memorandum**

The Aestheticians & Electrologists / Day Spa Professional Liability Program has been specifically designed to meet the unique needs of the industry. The Aestheticians & Electrologists portion of the program is designed to provide coverage to individual practitioners who provide aesthetic or electrolysis services. The Day Spa portion of the program is designed to be flexible enough to meet the diverse exposure needs of a full service spa.

Aestheticians and Electrologists·a e the primary exposures for the program. Other exposures including Hydrotherapy Tubs/Tables, Masseuse, Manicurists, Beauticians, Tanning Beds, and Exercise Equipment should be considered incidental.

**EXHIBIT 1: DERIVATION OF INDICATED RATE LEVELS**

The rates for the various coverages are based on those in use by competitors and on underwriting judgment. The pure premium method was used to derive indicated rates by extracting the pure premium from competitor's rates and applying New Hampshire Insurance Company's expenses. Since the competitor's rate filings could not be obtained, it has been assumed that the profit underlying their current rates is comparable to New Hampshire Insurance Company's target underwriting profit. The competitor's expense components are those found in the most recent AM. Best's Aggregates & Averages. The commission for Century is assumed to be 15% (since A.M. Best's listed net commission is-5.7%).

Aestheticians: The proposed rate was adopted from the Associated Bodywork & Massage Professionals Program, which is underwritten by Acceptance Insurance Company. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Electrologists: The proposed rate was adopted from the Allied Health Association Program, which is underwritten by Gen Star Insurance Company, a division of General Re. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Masseuse: The proposed rate was adopted from the Associated Bodywork & Massage Professionals Program, which is underwritten by Acceptance Insurance Company. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Beautician/Manicurist: Occasionally, Day Spa operations offer hair styling and manicure services. The rate of $100 per beautician/manicurist was selected using underwriting judgement for this incidental exposure. Our research found several companies (Kemper, C.N.A., National Union) which offer similar coverage, charging rates that range from $50 to $250 per operator. The rates contemplate $1 million / $2 million limits of liability. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Tanning Beds: Day Spa operations may also offer the use of a tanning bed on a charge per use or on a complimentary basis. The rate of $200 per unit was selected using information from the currently filed rates of National Union Fire Insurance Company of Pittsburgh, PA The National Union rate is based on a per session basis. The proposed rate contemplates an average of 2,000 tanning sessions per year at $1 million/ $2 million limits of liability. The average was determined by calculating the expected visits per year and multiplying this by the expected occupancy. Three 20-minute sessions per hour, at 1O hours of operation per day, are 30 visits per day and approximately 10,000 visits per year. Assuming an occupancy rate of 20%, the average is 2,000 sessions per year.

Hydrotherapy Tubs/Tables: A small percentage of aestheticians provide hydrotherapy services. The proposed rate is based upon underwriting judgement. A proposed rate of $100 for each hydrotherapy table or tub shall contempl.ate the additional exposure of water base treatments and the potential slip and fall exposure during treatment. We were not able to identify any admitted insurance company offering such coverage. The rate contemplates $1 million/ $2 million limits of liability.

Exercise Equipment: Similar to hydrotherapy tubs and tables, Day Spa's may offer use of exercise equipment to coincide with aesthetics treatments. The proposed rate is based upon underwriting judgement. A proposed rate of $100 for each unit of exercise equipment shall contemplate the additional exposure of the equipment and reflect the potential of bodily injury during treatment. We were not able to identify any admitted insurance company offering such coverage. The rate contemplates $1 million/ $2 million limits of liability.

**EXHIBIT 2: EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO**

Expanse provisions are based on the expenses found for other liability in American Home

/ National Union/ New Hampshire Group's Insurance Expense Exhibit. The commission & brokerage used is program specific. A 5% loading factor for underwriting profit and contingencies is included in the calculation of the expected loss and LAE ratio.

**EXHIBIT 3: INVESTMENT INCOME EXHIBITS**

The investment income exhibits are based on American Home *I* National Union/ New Hampshire Group Annual Statement experience, other liability premiums and program specific projected expenses. The methodology is the same as that used by the Insurance Services Office. The profit and contingencies factor has been otfset for ir,vestment income.

New Hampshire Insurance Company Exhibit 1

Aestheticians & Electrologists/ Day Spa Professional Liability

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Limits | A  $1M/$1M | B  $1M | C  $2M / $3M | D  $1M | E  $1M/$1M |
| Deductible | $0 | $0 | $0 | $1,000 | $1,000 |
| Rate  Aesthetician |  | $199 | $229 | $200 | $200 |
| Masseuse |  |  | $229 | $200 | $200 |
| Manicurist |  |  |  | $56 | $30 |
| Beauticians |  |  |  | $95 | $40 |
| Electrologist | $250 | $199 |  | $171 | $200 |
| Hydrotherapy Tub/Table |  |  |  |  |  |
| Tanning Beds |  |  |  | $330 | $206 |
| Exercise Equipment |  |  |  | $152 |  |
| **Expenses** |  |  |  |  |  |
| Commissions \* | 14.40% | 15.80% | 26.00% | 15.00% | 17.50% |
| Other Acquisition | 4.70% | 7.80% | 6.80% | 8.40% | 5.50% |
| General | 8.80% | 4.90% | 2.20% | 6.10% | 3.02% |
| Taxes, Licenses & Fees | 3.40% | 0.10% | 0.40% | 6.90% | 2.17% |
| Profit (ref. inv. inc.)# | -7.91% | -7.91% | -7.91% | -7.91% | -7.91% |
| **Total** | 23.39% | 20.69% | 27.49% | 28.49% | 20.28% |

\* The commissions for Century is assumed to be 15% (since AM. Best's listed net commissions is -5.7%).

# Since the competitor's actual filings could not be obtained, it has been assumed that the profit underlying their current rates is comparable to New Hampshire Insurance Company's target underwriting profit.

**Pure Premium**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Aesthetician |  | $158 | $166 | $143 | $159 |
| Masseuse |  |  | $166 | $143 | $159 |
| Manicurist |  |  |  | $40 | **$24** |
| Beauticians |  |  |  | $68 | $32 |
| Electrologist | $192 | $158 |  | $122 | $159 |
| Hydrotherapy Tub/Table |  |  |  |  |  |
| Tanning Beds |  |  |  | $236 | $164 |
| Exercise Equipment |  |  |  | $109 |  |

**NHIC Expenses**

|  |  |
| --- | --- |
| Commissions | 17.50% |
| Other Acquisition | 5.50% |
| General | 3.02% |
| Taxes, Licenses & Fees | 2.17% |
| ProfitJref. inv. inc.) -7.91% | |
| Total | 20.28% |
| Expected Loss **Ratio** | 79.72% |

**NHIC Selected**

Indicated NHIC Rates using competitor's pure premium ($1 million/ $2 million)

$25 deductible

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **A** | B | C | D | E |  |
| Aesthetician |  | $198 | $208 | $179 | $200 | $200 |
| Masseuse |  |  | $208 | $179 | $200 | $200 |
| Manicurist |  |  |  | $50 | $30 | $100 |
| Beauticians |  |  |  | $85 | $40 | $100 |
| Electrologist | $240 | $198 |  | $153 | $200 | $200 |
| Hydrotherapy Tub/Table |  |  |  |  |  | $100 |
| Tanning Beds |  |  |  | $296 | $206 | $200 |
| Exercise Equipment |  |  |  | $136 |  | $100 |

Companies

1. Security Insurance of Hartford
2. Gen Star
3. Acceptance Insurance Company
4. Century Indemnity Company
5. National Union Fire Ins. Co. of Pitts. Pa.

Exhibit 2

**New Hampshire Insurance Company**

Aestheticians & Electrologists *I* Day Spa Professional Liability Expenses

|  |  |
| --- | --- |
| Commission & Brokerage | 17.50% |
| Other Acquisition | 5.50% |
| General Expenses | 3.02% |
| Taxes, Licenses, & Fees | 2.17% |
| Profit & Contingency | 5.00% |

Total Expenses 33.19% Expected Loss & LAE Ratio 66.81%

**American Home/ National Union/ New Hampshire Group**

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

Other Liability

(OOO's)

1. UNEARNED PREMIUM RESERVE
   1. Other Liability Direct Earned Premium for Calendar Year 1996
   2. Mean Unearned Premium Reserve [0.608\* (1) ] (See Notes p. 2)

$3,281,336 1,995,021

Exhibit 3

Page 1

* 1. Deduction for Prepaid Expenses (See notes,p. 2)
     1. Commission and Brokerage \ ·.
     2. Taxes, Licenses and Fees
     3. 50% of Other Acquisition Expenses
     4. 50% of General Expenses

17.50%

2.17%

2.75%

1.51%

* + 1. Total 23.93%
  1. Deduction for Federal Taxes Payable (See Notes p. 2) 7.0%

. **B.**

**C.**

|  |  |  |
| --- | --- | --- |
| L.QS\_S RESERVE: |  | |
| 1. Direct Earned Premium [ (A.1) ] |  | 3,281,336 |
| 2. Expected Incurred Loss and L.A.E. Reserves @ ELR: | 0.668 | 2,192,261 |
| 3. Expected Mean Loss Reserves [4.373 x (2) ] (See Notes p. 3) |  | . 9,585,774 |
|  |  | 8,447,307 |
| E.  AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes R,.A)\_ |  | 5.80% |
| F.  INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [ (D) x (ill |  | 490,013 |
| **G.**  AVERAGE RATE OF RETURN (As% of Direct Earned Premium) [ (F) / (AJ.U  **H.** |  | 14.93% |
| AVERAG\_E RATE OF RETURN (After Federal Income Taxes[ (G) x 0.865] |  | 12.91%1 |

**D.**

* 1. Net Amount Subject to Investment Income [.(2) x (1.000 - (3) - (4))]

DELAYED REMISSION OF PREMIUMS {Agents' Balances)

1. Direct Earned Premium [ (A.1) ]
2. Average Agents' Balance (See Notes pp. 2-3)
3. Delayed Remission [ (1) x (2) ]

1,377,961

3,281,336

0.767

2,516,428



American Home / National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

Exhibit 3 Page2

Line A.1

Other Liability direct earned premium for calendar year 1996 as provided by American Home *I* National Union / New Hampshire Group.

LineA.2

The mean direct unearned premium reserve is determined by multiplying theOther Liability direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned premium reserve to the direct earned premium for 1996. See below for calculation of this ratio. This ratio is based on data for Other Liability from page 14 of the Annual Statement for American Home *I* National Union/ New Hampshire Group

|  |  |
| --- | --- |
|  | (In OOO's) |
| 1. Direct Earned Premium for Calendar Year 1996 | $ 3,281,336 |
| 2. Direct Unearned Premium Reserve as of 12/31/95 | 1,875,194 |
| 3. Direct Unearned Premium Reserve as of 12/31/9.6 | 2,114,848 |
| 4. Mean Direct Unearned Premium Reserve 1/2 [(2) + (3)) | 1,995,021 |
| 5. Ratio [ (4) / (1)) | 0.6081 |



Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written

and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

Line A.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986): Corporate Tax Rate:

**20.0%**

35.0%

Total Percentage of Unearned Premium Reserve: 7.0%/

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

American Home *I* National Union / New Hampshire Group Exhibit 3 Page 3

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

|  |  |
| --- | --- |
| Line 8.2 (continued}  Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows: |  |
|  | (In OOO's) |
| 1. Net Earned Premium for Calendar Year 1996 | $ **7,115,705** |
| 2. Net Agents' Balances as of 12/31/95 | 5,029,715 |
| 3. Net Agents' Balances as of 12/31/96 | **5,884,228** |
| 4. Mean Agents' Balances 1/2 x [(2) + (3)) | **5,456,972** |
| 5. Ratio [ **(4)** *I* (1) ] | 0.7671 |

The above percentage must be multiplied by a factor of1.000 to include the effect of agents' balances

or uncollected premiums overdue for more than 90 days. The factor 1.000 is based on 1993 company data.

Final adjusted Agents' Balance: 0.7669!



The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.



The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 1995 and 1996 for Other Liability Insurance. This ratio is based on Annual Statement Data.

1. Incurred Losses and L.A.E. for Calendar Year 1995
2. Incurred Losses and L.A.E. for Calendar Year 1996
3. Loss Reserves and L.A.E. as of 12/31/94
4. Loss Reserves and L.A.E. as of 12/31/95
5. Loss Reserves and L.A.E. as of 12/31/96 6. Mean Loss Reserve 1994: 1/2 [(3) + (4)) 7. Mean Loss Reserve 1995: 1/2 [(4) + (5)) 8. Ratio (6) / (1)

9. Ratio (7) *I* (2) 10. 1/21(8) + (9))

1. Loss reserve for American Home *I* National Union/ New Hampshire Group, selected
2. Estimated Reserve Discount
3. Federal Taxes Payable(% of Reserves): (12) x .35 14. (11) X [1.0- (13))

(In OOO's)

2,625,211

2,161,158

11,436,302

11,512,281

10,995,701

11,474,292

11,253,991

4.371

5.207

4.789

4.790

24.9%

0.087

4.373!

American Home *I* National Union / New Hampshire Group Exhibit 3 Page4

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

|  |  |  |  |
| --- | --- | --- | --- |
|  | Net Investment Income Earned | Mean Cash and Invested Assets | Rate of |
| Ye\_a\_r | (loJ)J)Jr.sJ | (loJ)OO's) | Return |
| 1995 | 1,067,588 | 20,395,682 | 5.23% |
| 1996 | 1,057,710 | 21,691,848 | **4.88%** |
| Total | 2,125,298  Realized Capital | 42,087,530  Mean Cash and | 5.06% |

Gains (or Losses) Invested Assets Yea1 (In OOO's) (ln\_OJ)Jrs)

1987-1996 1,179,428 158,187,991

Rate of

Betum

0.75%

Tot.al..RaJe of Retum:

Net Investment Income Earned and Net Realized Capital Gains (or Losses) 5.80%1

LineJ:I.

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 1996 for the American Home *I* National Union/ New Hampshire Group.

|  |  |  |
| --- | --- | --- |
|  | | Federal |
| Net Investment Income Earned | Rate of Return  5.06% | Income  Tax Rate  0.104 |
| Net Realized Capital Gains (or Losses) | 0.75% | 0.350 |
| Total | 5.80% | 0.135 |
| 1.000 - Federal Income Tax Rate |  | 0.865j |

American Home *I* National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

Exhibit 3

Page 5

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Line H (continued)  Bood.s | .Investment  Income Earned |  | Federal Income Tax Rate |  |
| Taxable | $ 160,833 |  |  | 0.350 |
| Non-Taxable | 665,097 |  |  | 0 .\_02.6 |
| Total | $ 825,930 | **(A)** |  | 0.089 |
| Sto.cks |  |  |  |  |
| Taxable | $ 75,048 |  | 0.123 | |
| Non-Taxable | 81,023 |  |  | |
| Total | $ 156,071 | (B) | 0.059 | |

Mo.rtga e Loans and Real Estate

|  |  |  |
| --- | --- | --- |
| Mortgage Loans | $ 0 |  |
| Real Estate | 391 |
| Collateral Loans | **342** |
| Cash on Deposit | 872 |
| Short Term Investments | 3,938 |
| All Other | 146,778 |
| Sub-Total | $ 152,321 | 0.350 |
| Total | $ 1,134,322 | 0.120 |
| Investment Deductions | $ 76,432 | 0.350 |
| Net Investment Income Earned | $ 1,057,890 | 0.104 |

1. Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at

the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. ((.50 x .15 x .35) = .026)

1. 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% ((.30 x .35) + (.50 x .70 x .15 x .35) = .123).

**New Hampshire Insurance Company Aestheticians & Electrologists Program**

**Aestheticians & Electrologists Professional Liability Insurance Program New York Rates & Rules**

* 1. **Program Background**

The Aestheticians & Electrologists Professional Liability Insurance Program is designed to provide professional liability insurance to businesses that offer aesthetician and/or electrology services.

An **aesthetician** is a person who practices aesthetics. Aesthetics means any one or a combination of the following skin care practices which are performed for cosmetic purposes.

* + - Massaging, cleansing, stimulating, manipulating, exercising, beautifying, or applying oils, creams, antiseptics, clays, lotions or other preparations, either by hand or by mechanical or electrical appliance.
    - Arching eyebrows or tinting eyebrows and eyelashes.
    - Removing superfluous hair by means other than electrolysis.

An **electrologist** is a person or practitioner of electrolysis. Electrolysis is defined as the eradication of unwanted hair for cosmetic purposes through the use of FDA approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

* 1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + - Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
    - Applicant must be licensed, if required by law.
    - Applicant may not average more than two claims per professional over the last three years.
    - Applicant must be in good financial shape with no prior bankruptcies.

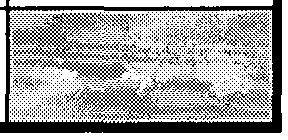
**New Hampshire Insurance Company Aestheticians & Electrologists Program**

* 1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Aesthetician | $200 | $75 | $264 | $99 |
| Electrologist | $200 | $75 | $264 | $99 |
| Hydrotherapy Tub/Table | $100  per unit |  | $132  per unit |  |

A 50% discount shall apply to aesthetician or electrologist students.



Class

$1 Million/ $2 Million $2 Million/ $4 Million

First Person Each Addt'I First Person Each Addt'l

* 1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

* 1. **Increased Limits**

See above. No other options are available.

* 1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| Premises Coverage | 69739(2/98) | Included |
| Additional Insured | 68323 (7/97) | Included |
| Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

•

•

•

* 1. **Application**

The Aestheticians & Electrologists Professional Liability Insurance Application, form 68319(7/97) must be completed for coverage.

**New Hampshire Insurance Company Aestheticians** & **Electrologists Program**

* 1. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

68322(7/97)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Aestheticians & Electrologists Endorsement

Aestheticians & Electrologists Professional Liability Insurance Application

**Optional Coverages**

69739(2/98)

68323(7/97)

69740(2/98)

New York Premises Coverage Endorsement Additional Insured Endorsement

New York Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

**New Hampshire Insurance Company Day Spa Program**

**Day Spa Professional Liability Insurance Program New York Rates & Rules**

1. **Program Background**

The Day Spa Professional Liability Insurance Program is designed to provide professional liability insurance for Day Spa businesses.

**A Day Spa** is a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. Day Spa treatments may include any of the following:

* + Facials & Skin Cleansing
  + Exfoliation
  + Waxing
  + Body Wraps
  + Massage & Touch Therapy
  + Hydrotherapy
  + Aromatherapy
  + Oil Treatments
  + Mud, Clay & Seaweed Treatments
  + Tanning Beds
  + Manicure & Pedicure
  + Electrolysis by electrified needle, radio frequency energy, galvanic current or laser treatments
  + Personal Trainers / Exercise Equipment

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act/ $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $500 property damage deductible shall apply per claim.

1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
  + Applicant must be licensed, if required by law. ·

**New Hampshire Insurance Company Day Spa Program**

* Applicant may not average more than two claims per professional over the last three years.
* Applicant must be ih good financial shape with no prior bankruptcies.

1. **Premiums**

The following premiums shall apply.



Class

$1 Million/$2 Million

First PersonEach Addt'I

Aesthetician

$200

$75

Masseuse

$200

$75

Manicurist

$100

$50

Beauticians

$100

$50

Electrologist

Tanning Beds

$200

$200

per unit

$100

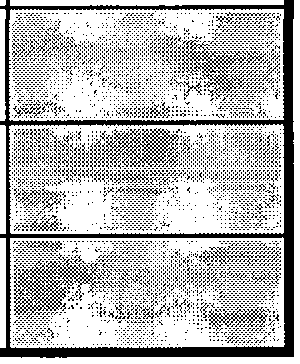
per unit

$100

per unit

$75

Hydrotherapy Table/Tub Exercise Equipment



$4 Million Each Addt'I

1. **Deductible**

$2 Million/ First Person

|  |  |  |
| --- | --- | --- |
| $264 | $99 |  |
| $264 | $99 |
| $132 | $66 |
| $132 | $66 |
| $264 | $99 |
| $264  per unit |  |
| $132  per unit |
| $132  per unit |  | |

A $500 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Minimum Premium**

A $500 minimum policy premium shall apply.

**New Hampshire Insurance Company Day Spa Program**

1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| * Premises Coverage | 69739(2/98) | Included |
| * Additional Insured | 68323(7/97) | Included |
| * Retroactive Date Coverage (Prior Acts) | 69740(2/98) | Multiply premium times 1.35 |

1. **Application**

The Day Spa Professional Liability Application, form 68319 (7/97) must be completed for coverage.

I. **Policy Forms**

**Mandatory Forms**

68317(7/97)

68318(7/97)

68321(7/97)

68319(7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Day Spa Endorsement

Day Spa Professional Liability Insurance Application

**Optional Coverages**

69739(2/98)

68323(7/97)

69740(2/98)

New York Premises Coverage Endorsement Additional Insured Endorsement

New York Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

\'

**American International Group**

**State Filings Department**

**160 Water Street, Street, 23 Floor**

*i/* **New York, NY 10038**

I

**MEMORANDUM**

Date: August 11, 1998

To: Yehuda Cohen

From: Seth Seifman

Subject: Professional Liability Insurance Program CC. Mark Cenit; Adam Reed

In 1997 we filed a generic Professional Liability Insurance Policy along with endorsements that modified the coverage for Aestheticians and Electrologists (AIC-97- PR-11). The policy was intentionally not made specific so that endorsements for other types of businesses could later be attached to it. This year, we filed endorsements expanding coverage under this policy to body piercing, tattoo, and micropigmentation specialists.

**Endorsements:** The filing contained endorsements for these new coverages along with endorsements combining them with the old coverage for Aestheticians and Electrologists. The combined endorsements were meant to prevent confusion when an insured selected more than one of the available coverages.

**Exemptions:** There were only three exempt states (NJ, MI, TX) for this program. In these states, an endorsement for Aestheticians, Electrologists, and Massage Therapists was included in the filing. This endorsement will have to filed nation-wide later on.

**Typographical Error:** When we discovered a typographical error in the original policy, we decided to include a revised copy with this filing (rev 2/98) for informational purposes only. The word "not" replaced the word "only" in Exclusion C.

**Common Problems:** Though these endorsements were meant to attach to a policy which had already been approved and modified by state amendatory endorsements where necessary, many examiners have treated the filing as a new program and the revised policy as a new policy. Therefor , several objections have come in stating that we are not in compliance with rules governing cancellation/nonrenewal, arbitration, etc., even though there are already endorsements on file which address these issues. In some cases, a call to the examiner will clear up the confusion. In others, the examiner might ask for copies of the relevant endorsements. Unfortunately, there have been a few instances in

**MEMORANDUM**

'· which states have asked for further changes in the policy, even though it had already been

l approved as part of another filing. I have attached the e-mail I sent to Mark Cenit detailing how to document these belated changes, once the new amendatory

endorsements are approved, on the status sheets and folders for both this program and AIC-97-PR-l l.

**File Number:** The file number for this program (AIC-98-PR-05) was never entered on the program index, so the status sheet is on my h:/ drive and the AIC-98-PR-05 on the s:/ drive is another program. As of now, we had tentatively planned to remedy this problem, at least as far as the file room is concerned, by transferring the contents of the AIC-98- PR-05 folders on my desk to the folders from the original filing (AIC-97-PR-l l).

**Underwriter:** Mark Cenit is the profit center contact for this program. His phone number is (212) 820-4656. He has been very sympathetic to our responsibilities and always willing to help out.

**My Computer:** Endorsements, objection letters, and other documents for this filing can be found in my h:/ drive in the "pro liability" folder and then in the "alternative" folder.

**t**

**FILING MEMORANDUM**

**Micropigmentation Trainers Application - Form No. 70457(4/98)**

This application is the form used to evaluate the Insured's risk exposure for micropigmentation trainer coverage.

**Micropigmentation Endorsement- Form No. 70458(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for micropigmentation professionals.

**Micropigmentation Application - Form No. 70459(4/98)**

This application is the form used to evaluate the Insured's risk exposure for micropigmentation coverage.

**Tattoo Endorsement- Form No. 70461(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for tattoo professionals. ·

**Tattoo and Body Piercing Endorsement- Form No. 70462(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for tattoo and body piercing professionals. These services are frequently performed together and the coverages were combined in order to eliminate the dangers of endorsements modifying endorsements and duplication of clauses. ·

**Tattoo Application - Form No. 70463(4/98)**

This application is the form used to evaluate the Insured's risk exposure for tattoo coverage.

**Body Piercing Endorsement- Form No. 70464(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for body piercing professionals. ·

**Body Piercing Application - Form No. 70465(4/98)**

This application is the form used to evaluate the Insured's risk exposure for body piercing

coverage.

**Day Spa and Micropigmentation Endorsement- Form No. 70466(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for day spa and micropigmentation professionals. These services are frequently performed together and the coverages were combined in order to eliminate the dangers of endorsements modifying endorsements and duplication of clauses.

**Aestheticians, Electrologists, and Micropigmentation Endorsement** -

**Form No. 70467(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for aestheticians, electrologists, and micropigmentation professionals. These services are

- 1 -

*i'*

'

'I frequently performed together and the coverages were combined in order to eliminate the dangers of endorsements modifying endorsements and duplication of clauses.

**Micropigmentation Trainers Endorsement- Form No. 70468(4/98)**

This endorsement to the Professional Liability Insurance Policy provides coverage for micropigmentation trainers.

- 2 -

**Professional Liability Insurance Program Body Piercing Coverage**

**Professional Liability Insurance Program Rates & Rules for Body Piercing Coverage**

1. **Program Background**

The Body Piercing Professional Liability Insurance Program is designed to provide professional liability insurance for the body piercing businesses.

Body piercing is a cosmetic treatment where the flesh of a person is pierced and decorative jewelry is inserted into the hole that was created.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits of liability.

Minimum limits of liability are $500,000 per wrongful act and in the aggregate. A $100 deductible, applicable to both defense and indemnity, shall apply per claim.

Many of the practitioners of this profession may work at a number of locations or change

*1* locations frequently. Due to this our coverage is targeted towards practitioner rather than the shop. We will write coverage for an entire shop, but there is no premium incentive for the insured.

Some of this work is done in the offices of others. An additional insured endorsement is available naming these providers for claims arising out of the actions of the Named Insured. There is no cost for these endorsements.

To reduce underwriting costs, limited options are available and self-rating techniques have been adopted. All polices are non-auditable.

1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least one full year and be able to demonstrate sufficient industry expertise.
  + Applicant must hold a valid license, ifrequired by law, for the entire policy period.
  + Applicant may not average more than one claim per professional over the last three years.

1. **Premiums**

The following premiums shall apply.

$500,000 per claim and aggregate for $600 premium for each insured.

Edition (4/98) · Page 1 of2

**Professional Liability Insurance Program Body Piercing Coverage**

1. **Deductible**

A $100 deductible shall apply per claim. No other options are available.

1. **Increased Limits**

No other options are available.

1. **Minimum Premium**

A $540 minimum policy premium shall apply.

1. **Optional Coverages**

Coverage Form#

* + Premises Coverage 68320 (7/97)
  + Additional Insured 68323 (7/97)

1. **Application**

Premium Charge

Charge per location

$100 @ $500k limits Included

The Body Piercers Professional Liability InsuranceApplication must be completed for coverage.

1. **Policy Forms**

**Mandatory Forms**

68317 (7/97) New Hampshire Insurance Company Professional Liability Declarations 68318 (7/97), rev (2/98) New Hampshire Insurance Company Professional Liability Coverage 70465 (4/98) Body Piercers' Professional Liability Insurance Application

**Optional Coverages**

68320 (7/97)

68323 (7/97)

70464 (4/98)

70462 (4/98)

Premises Coverage Endorsement Additional Insured Endorsement Body Piercing Endorsement

Tattoo and Body Piercing Endorsement

Edition (4/98) Page 2 of2

**American International Group State Filings Department**

**70 Pine Street, 23 Fl. New York, NY 10270**

**MEMORANDUM**

Date: March 4, 1998

To: Traci Ribeiro

From: Seth Seifman

Subject: New York Objection -Aestheticians and Electrologists Program

cc.

Please find the attached endorsements for New York. Unfortunately, I was told the objections over the phone, so there is no letter.

1. The A&E and Day Spa Endorsements have been revised so that exclusions 9 (A&E) and 8 (Day Spa) no longer make our coverage contingent on the existence of other coverage. According to the examiner, the exclusion previously could have been interpreted to mean we would not pay for a legitimate claim brought under this PL policy if the insured also had GL or BOP coverage, even if the limits ofliability of those other coverages had been exhausted. Now the exclusion only states that we won't pay GL or BOP claims.
2. The New York Retroactive Date Endorsement has been revised to satisfy the conditions under which retroactive date coverage may be offered in NY. It is now occurrence coverage. Also, the endorsement now states the limits of this coverage and that retroactive date coverage is only available to insureds coming off a claims made policy with no gap in coverage.
3. The New York Amendatory Endorsement combines the two NY amendatory endorsements that had previously been submitted and adds a provision C. to Section

VII. DEDUCTIBLE, which states that the deductible does not apply to claims expenses.

1. The New York Cancellation Nonrenewal Endorsement contains the correct lead in language stating that it will be replacing both the Cancellation and When We Do Not Renew provisions

Please call me at 820-4656 with any questions or concerns. Thanks again for your help.

**New Hampshire Insurance Company**

This Endorsement effective 12:01 A.M. forms a partof

Policy No. By

Issued to

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**New York Day Spa Endorsement**

1. Section II. Definitions is amended to include the following definitions:
   * **Day Spa** means a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. **Day Spa** treatments include, but are not limited to the following:
     + Facials & skin cleansing;
     + Exfoliation;
     + Waxing;
     + Body wraps;
     + Massage & touch therapy;
     + Hydrotherapy;
     + Aromatherapy;
     + Oil treatments;
     + Mud, clay & seaweed treatments;
     + Tanning beds, booths or facial tanning machines;
     + Manicure or pedicure;
     + Electrolysis; or
     + Personal trainers *I* exercise equipment.
2. Section IV. Exclusion A. is deleted in its entirety.
3. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
4. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from the **wrongful acts** of **your Day Spa** operation.
5. Any **claim** arising from:
   * Plastic surgery; or
   * Removal of warts, moles, or other growths.

**New Hampshire Insurance Company**

1. Any **claim** ansmg out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products:
   * Manufactured by **you** or any other Insured;
   * Bottled or rebottled by **you** or any other Insured; or
   * Packaged or repackaged by **you** or any other Insured.
3. Any **claim** arising out of any equipment which has been modified or altered from manufacturer standards or do not meet federal, state or municipal safety requirements.
4. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
5. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.
6. Any General Liability or Business Owners Package **claims.**
7. Any **claim** arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

**New Hampshire Insurance Company**

This Endorsement effective 12:01 A.M. Policy No.

Issued to

forms a part of

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**New York Aestheticians & Electrologists Endorsement**

1. Section II. Definitions is amended to include the following definitions:
   * **Aesthetician** means a person or practitioner of **aesthetics.**
   * **Aesthetics** means any one or a combination of the following skin care practices which are performed for cosmetic purposes:
2. Cleansing, stimulating, manipulating, exercising, beautifying or applying oils, creams, antiseptics, clays, lotions, or other preparations to the skin either by hand or by mechanical or electrical appliance(s);
3. Facial or scalp massage;
4. Arching eyebrows or tinting eyebrows and eyelashes; or
5. Removing superfluous hair by means other than electrolysis.
   * **Electrologist** means a person or practitioner of **electrolysis.**
   * **Electrolysis** means the eradication of unwanted hair for cosmetic purposes through the use of Federal Drug Administration approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.
6. Section IV. Exclusions, Exclusion A is deleted in its entirety.
7. Section IV. Exclusions is amended to include the follow"ing exclusions: This policy shall not apply to:
8. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury or property damage** arising from **your wrongful acts** as an **aesthetician or electrologist.**
9. Any **claim** arising from:
   * Plastic surgery; or

**New Hampshire Insurance Company**

* + Removal of warts, moles, or other growths.

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products: Manufactured by **you** or any other insured;

Bottled or rebottled by **you** or any other insured, or

Packaged or repackaged by **you** or any other insured.

1. Any **claim** arising out of :
   * Body massage other than facial or scalp massage;
   * Steam baths;
   * Sauna;
   * Body wrapping; or
   * Sun tanning.
2. Any **claim** arising out of the use of **electrolysis** equipment which has been modified or altered from manufacturer standards or does not meet federal, state or municipal safety requirements.
3. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
4. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.
5. Any General Liability or Business Owners Package **claims.**
6. Any claim arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

NEWYORK AMENDATORY ENDORSEMENT

This endorsement, effective forms a part of

policy no.: by:

issued to

Wherever used in this endorsement: 1)"Insurer" means the insurance company which issued this policy; and 2)"Insured" means the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

CANCELLATION AND NONRENEWAL

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. The Cancellation and When **We** Do Not Renew provisions are deleted and replaced by the following:
   1. CANCELLATION BY THE INSURED

This policy may be cancelled by the Insured by surrender of this policy to the Insurer or by giving written notice to the Insurer stating when thereafter such. cancellation shall be effective. The Policy Period terminates at the date and hour specified in such notice, or at the date and time of surrender.

* 1. CANCELLATION, NONRENEWAL AND CONDITIONAL RENEWAL BY THE INSURER
     1. If this policy has been in effect for sixty (60) or fewer days when cancellation notice is mailed, and this policy is not a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by 11).ailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than twenty (20) days thereafter (fifteen (15) days thereafter if cancellation is because of one of the reasons for cancellation set forth in subsection
     2. below) the cancellation shall be ·effective. Notice of cancellation issued by the Insurer shall specify the grounds for cancellation.

1. If this policy has been in effect for more than sixty (60) days when notice of cancellation is mailed, or if this policy is a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than fifteen (15) days thereafter the cancellation shall be effective; however, such cancellation must be based on one or more of the following:
   1. nonpayment of premium;
   2. conviction of a crime arising out of acts increasing the hazard insured against;
   3. discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;
   4. after issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current Policy Period;
   5. material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
   6. required pursuant to a determination by the New York Superintendent of Insurance that continuation of the present premium volume of the Insurer would jeopardize the Insurer's solvency or be hazardous to the interests of Insureds of the Insurer, its creditors or the public;
   7. a determination by the New York Superintendent of Insurance that the continuation of the policy would violate, or would place the Insurer in violation of, any provision of the New York Insurance Law;
   8. revocation or suspension of an Insured's license to practice his profession; or
   9. where the Insurer has reason to believe that there is a probable risk or danger that the Insured will destroy or permit the destruction of the insured property for the purpose of collecting the insurance proceeds, provided, however, that:
      1. a notice of cancellation on this ground shall inform the Insured in plain language that the Insured must act within ten days if review by the department of the ground for cancellation is desired pursuant to item (3) of this subparagraph (I);
      2. notice of cancellation on this ground shall be provided simultaneously by the Insurer to the department; and
      3. upon written request of the Insured made to the department within ten days from the Insured's receipt of notice of cancellation on this ground, the department shall undertake a review of the ground for cancellation to determine whether or not the Insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the department finds no sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.

Page 2 of 4

Notice of cancellation by the Insurer shall specify the grounds for cancellation.

1. (1) The Insurer shall mail to the Insured, and to his authorized insurance agent or broker, written notice indicating the Insurer's intention:
   1. not to renew this policy;
   2. to condition its renewal upon change of limits, change in type of coverage, reduction of coverage, increased deductible or addition of exclusions or upon increased premiums in excess of ten percent; (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating, loss rating, or audit);
   3. that the policy will not be renewed or will not be renewed upon the same terms, conditions or rates; such alternative renewal notice must be mailed or delivered on a timely basis and advise the Insured that a second notice shall be mailed at a later date indicating the Insurer's intention as specified in subparagraph (A) or

(B) of this paragraph (1) and that coverage shall continue on the same terms, conditions and rates as expiring, until the later of the expiration date or sixty

(60) days after the second notice is mailed or delivered; such alternative renewal notice also shall advise the insured of the availability of loss information and, upon written request, the request, the insurer shall furnish such loss information within twenty days to the insured.

* + 1. A nonrenewal notice as specified in subparagraph (A), a conditional renewal notice as specified in subparagraph (B), and the second notice described in subparagraph (C) of paragraph (1) of this subsection (iii) shall contain the specific reason or reasons for nonrenewal or conditional renewal, and set forth the amount of any premium increase and nature of any other proposed changes.
    2. The notice required by paragraph (1) of this subsection (iii) shall be mailed at least sixty (60) but not more than one hundred twenty (120) days in advance of the end of the Policy Period.
    3. (A) If the Insurer employs an alternative renewal notice as authorized by subparagraph (C) of paragraph (1) of this subsection (iii), the Insurer shall provide coverage on the same terms, conditions, and rates as the expiring policy, until the later of the expiration date or sixty (60) days after the mailing of the second notice described in such subparagraph.

1. Prior to the expiration date of the policy, in the event that an incomplete or late conditional renewal notice or a late nonrenewal notice is provided by the Insurer, the Policy Period shall be extended, at the same terms and conditions as the expiring policy, except that the annual aggregate limit of the expiring policy shall be increased

in proportion to the policy extension, and at the lower of the current rates or the prior period's rates, until sixty

* + - 1. days after such notice is mailed, unless the Insured elects to cancel sooner.

1. In the event that a late conditional renewal notice or a late nonrenewal notice is provided by the insurer on or after the expiration date of the policy, coverage shall remain in effect on the same terms and conditions of the expiring policy for another required policy period, and at the lower of the current rates or the prior period's rates unless the insured during the additional required policy period has replaced the coverage or elects to cancel, in which event such cancellation shall be on a pro rata premium basis.
2. Nothing herein shall be construed to limit the grounds for which the Insurer may lawfully rescind this policy or decline to pay a claim under this policy.
3. Notice required herein to be mailed to the Insured shall be mailed to the Insured at the address shown in Item 1 of the Declarations.

Notice required herein to be mailed by the Insurer shall be sent by registered, certified or other first class mail. Delivery of written notice shall be equivalent to mailing.

Proof of mailing of such notice as aforesaid shall be sufficient proof of notice. The Policy Period shall terminate at the effective date and hour of cancellation or nonrenewal specified in such notice.

1. If this policy shall be cancelled by the Insured, the Insurer shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the Insurer, the Insurer shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurer shall not be a condition of cancellation, but such payment shall be made as soon as practicable.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

. AUTHORIZED REPRESENTATIVE

Page 4 of 4

This endorsement, effective A.M. forms a part of Policy No. issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY NEW YORK AMENDATORY ENDORSEMENT

The Policy is hereby amended as follows:

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision E. EXAMINATION OF YOUR BOOKS AND RECORDS is deleted in its entirety and replaced with the following:

E. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**We** may examine and audit your books and records as they relate to this Policy at any during the policy period and up to 180 days afterward.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision P. REPRESENTATIONS is deleted in its entirety and replaced with the following:
2. REPRESENTATIONS

By accepting this Policy, **you** agree:

* 1. The statements in the Application and Declarations are accurate and complete;
  2. Those statements are based upon representations **you** made to **us;** and
  3. **We** have issued this Policy in reliance upon **your** representations.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE is amended to include the following additional provision:
2. TRANSFER OF DUTIES WHEN LIABILITY LIMIT IS EXHAUSTED
   1. If **we** conclude that, based on **wrongful acts, claims,** or **suits** which have been reported to **us** and to which this insurance may apply, the Aggregate Limit is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
   2. When the Aggregate Limit has actually been used up in the payment of judgments or settlements:
      1. We will notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and **our** duty to defend **suits** seeking damages subject to that limit has also ended.
      2. **We** will initiate, and cooperate in, the transfer of control; to any appropriate Insured, of all **claims** and **suits** seeking damages which are

subject to that limit and which are reported to us before that limit is used up. **You** must cooperate in the transfer of control of said **claims** and **suits.**

**We** agree to take such steps, as **we** deem appropriate, to avoid a default in, or to continue the defense of, such **suits** until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

**We** will take no action whatsoever with respect to any **claim** or **suit** seeking damages that would have been subject to that limit, had it not been used up, if the **claim** or **suit** is reported to **us** after that limit of insurance has been used up.

* + 1. The first Named Insured, and any other insurer involved in a **suit** seeking damages subject to that limit, must arrange for the defense of such **suit** within such time period as agreed to between the appropriate Insured and **us.** Absent any such agreement, arrangements for the defense of such **suit** must be made as soon as practicable.
  1. The first Named Insured will reimburse **us** for the expenses we incur in taking those steps **we** deem appropriate in accordance with paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on either the date on which the Aggregate Limit is used up, if we sent notice in accordance with paragraph 1. above, or the date on which we sent notice in accordance with paragraph 2.a. above, if we did not send notice in accordance with paragraph 1. above.

* 1. The exhaustion of the Aggregate Limit of insurance by the payments of judgment or settlements, and the resulting end of **our** duty to defend will not be affected by **our** failure to comply with any of the terms of this Provision.

1. Section IV. EXCLUSIONS, Provision C. is deleted in its entirety and replaced with the following:

C. Any dishonest, fraudulent, criminal or malicious act, error or omission;

1. Section **VII. DEDUCTIBLE** is deleted in its entirety and replaced by the following:
   1. **You** will be responsible for the deductible amount shown in the Declarations. The deductible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated or related **wrongful acts** shall be subject to one deductible.
   2. We may pay all or part of the deductible to settle a **claim** or **suit. You** agree to repay **us** promptly after **we** notify **you** of the settlement.
   3. The deductible does not apply to **claims** expenses.
2. Subsection H. OTHER MEMBER COMPANIES OF THE AMERICAN INTERNATIONAL GROUP, INC. POLICIES of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety.
3. Subsection M. NOTICE OF **WRONGFUL ACT BY YOUR** AGENT of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

M. NOTICE OF **WRONGFUL ACT BY YOUR** AGENT

Notice given by or on behalf of **you** to any of **our** authorized agents, with particulars sufficient to identify **you,** shall be deemed notice to **us.**

1. Subsection C. LAWSUITS AGAINST **US** of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

C. LAWSUITS AGAINST **US**

1. No one can sue **us** to recover under this policy unless all of its t€rms have been honored.
2. A person or organization may sue **us** to recover up to the limits of coverage under this policy only after **your** liability has been decided by:
   1. A judgment against **you;**
   2. A written agreement signed by **you, us** and the party making the **claim.**
3. Subsection 0. OTHER INSURANCE of Section **VIII. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:
4. OTHER INSURANCE
5. Where other valid and collectible insurance is available to **you** for losses covered under the terms and conditions of the policy, **our** obligation to **you** shall be as follows:
   1. This insurance is primary, and **our** obligations are not affected unless any of the other insurance is also primary. In that case, **we** will share with all that other insurance by the method described in paragraph (2) below.
   2. If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its

applicable limit of insurance to the total applicable limits of insurance of all insurers.

1. **You** shall promptly upon **our** request provide **us** with copies of all policies potentially applicable against the liability covered by this policy.

**All other terms, provisions, conditions, and exclusions shall remain unchanged.**

Authorized Representative

Includes copyrighted material oflnsurance Services Office, Inc., with its permission. Copyright, Insurance Services Office, Inc., 1994

This endorsement, effective Policy No.

A.M. forms a part of

issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

PROFESSIONAL LIABILITY INSURANCE POLICY

**New York Retroactive Date Endorsement**

This Policy is amended as follows:

In consideration of payment of an additional premium $ and for the purposes of this Endorsement only,

1. The Declarations page is amended to include the following: Retroactive Date-----------
2. Coverage under this policy is extended to include **claims** for **wrongful acts** arising solely in the conduct of **your** activities as covered under this Policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period.**
3. In no event shall coverage offered by this Endorsement apply to any loss, **claim,** or **suit** reported to a prior insurance carrier nor shall coverage apply to any loss, claim or suit of which the **you** had knowledge prior to the inception date of this Endorsement.
4. Coverage offered by this endorsement shall be made available only to insureds previously covered by a claims made policy. In addition, there may be no gap in coverage between the termination of that claims made policy and the inception of this Policy.
5. The Limits of Liability provided under this endorsement are identical to those of the first occurrence policy.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

;0

c§l

;:r-------------

**Form Number Request Sheet**

**(By Facsimile)**

zc:/l

0.....

\*\* \*\* \*\*

0..,.

*,:...*

CD

m

0

TO: Rose Rodriguez- Forms Control Phone# (212) 770-3052

Fax# (212) 809-7460

**DATE: Mareh 4,:**

FROM: Seth

Phone

Fax#

j \*\* \* \*\*

\*\*\* E-< \*\*\*

"m°

"""'

co

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 New York A&E Endorsement | 019 000 545 | Mark Cenit | | |
| 2 New York Day Spa Endorsement | 019 000 545 | Mark Cenit | |  |
| 3 New York Cancellation/Nonrenewal  Endorsement | 019 000 545 | Mark Cenit | |
| 4 |  |  | |
| *5* |  |  | |
| 6 |  |  | |
| 7 |  |  |  | |
| 8 |  |  |

**Form Title**

**Charge Codes**

**Reques1**

\* Q:; \*

\*\*

\*

\*

0

\*P-. \*

u:,

....

..,. r-

0..,.

c:/l

\*A::;\*

\* \*

u:,

*,:...*

'- - ,-;

"'0 :::c::

\*\* .-< \*\*

C\I

Co 0

E-<

\*

\*

\* \*

·\*\* \* \*

\*

0

mC I

"°

u:,

r0-0

\*\* \*\* \*\*

:::c::

0

z

0.....

...;i

z

.A....

ti) z

C

,-;

C\

c:/l

.c..:./.l

)3

z

0 tn 0

E-<

UAU,\_.

E-<

*:.-:*

u:,

<')

co

,-;

00

m.

'.­,.

0

'­

<')

0

c:/l

<:

WA E-< ...;i

R:Z<:z 1;.:,

**'-Z z ·<:tnv,**

o:::ioE-<cnt:.,

E-<UtnUtl.l;:;ip\_,,z

CC. SHARON ALEXANDER

....

0

**0**

@

**Form Number Request Sheet**

**(By Facsimile}**

**DATE: Marth 41**

**1998**

IS) j5

w ::u

ri

aCJ: Ci)

0.. (JI

I.[/

CD

TO: Rose Rodriguez- Forms Control

FROM: Seth Seifman

....

m f\J

N

Phone *II* (212) 770-3052

Fax-# {212) 809-7460

Phone# (212) 820-4656

Fax# (212) 820-4670

SJ

If)

....

'-.0

:":1u1

(\J -

### ...

Ill

j

r*::*l*l'*

# *ti*

I

**Cl**

*::* I

:'°, I

."N.".I

NI

I

;1

I

*9*

**Form Title**

Charge Codes Requester

(FormB Control]

Number

|  |  |  |  |
| --- | --- | --- | --- |
| l **New York A&E** Endorsemenl | 019 000 ***545*** | Mark Cenit | --  ( 0 °tSsCf *Co* |
| 2 New York Day Spa Endorsement | **019** 000 545 | Mark Cenit | lo 'isql/ |
| J New York CanceHatioo/Nonrenewal  Endorsement | 019 000 ***545*** | Mark Cehit | *(g G( ql* |
| *4* |  |  |  |
| *5* |  |  |  |
| 6 |  |  |  |
| 7 |  |  |  |
| 8 |  |  |  |

0)

I'- ::0

<-I C'J

"'

-u

:C:u

I n

-

:e:n0

z

C'J

z

-<

.f.\.J.

f\J

'-.0

*i*

(T\

Ci)

d

(fT\

CC. SHARON ALEXANDER Number of Pages:

**00** *I*

1../),

...

Ill

1. .-u

***0*** I

! '(

Ci)

**0** I *8:* .C..i.)

r

**Form Number Request Sheet**

**(By Facsimile)**

**DATE: March 4, 1998**

TO: Rose Rodriguez- Forms Control Phone# (212) 770-3052

Fax# (212) 809-7460

FROM: Seth Seifman

Phone# (212) 820-4656

Fax# (212) 820-4670

**Form Title Charge Codes Requester**

**[Forms Control]**

**Number**

CC. SHARON ALEXANDER Number of Pages:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 New York A&E Endorsement | 019 000 545 | Mark Cenit |  | | |
| 2 New York Day Spa Endorsement | 019 000 545 | Mark Cenit |  | |  |
| 3 New York Cancellation/Nonrenewal  Endorsement | 019 000 545 | Mark Cenit |
| 4 |  |  |  |  | |
| 5 |  |  |  | | |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |

**STATE FILINGS DEPARTMENT**

FILING FOLLOW UP (By Phone Calls)

Program: f4((- *f- -f -l* l */b£* Date Filed: z/0 */?P*

Company(ies):

,\_/J--=-.,\_w.,,,,"----'-'tf'""'().\_=-vc-:,.><=,1/:u.1i\_,\_.u,,.,\_;-'-1e,, \_

Profit Center Contact: Ce..... ;f State: **- ,U V-------**

Our File No.: *1/-{[-f"y,rPcf--ll* Their file no.: ***1l:(l lJb*** *'--f 1-W*

 Phone#: "-lf'O - **b**'d D0

Approved, effective as of \_ Disapproved (reference reason below)

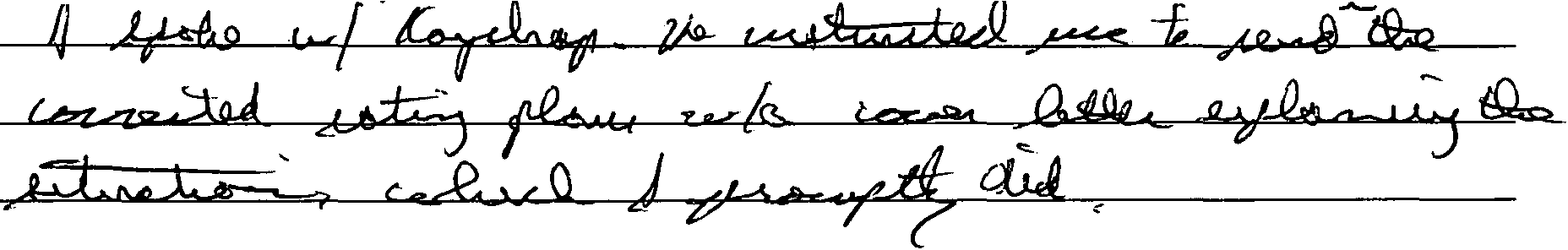
* + Not yet reviewed, target .date----- Objections outstanding (listed below)

**Notes/Status/Additional Information Required/Action Plan:**

***,< J A.'} oa\. 7 .I* d::.:S */P.>ij.,t,,•* d *J.,*** */)* ***)49.>,, ,:1-o..,*** *';!; :*

*.* **Bt,t11A,.Q *bJ PJbtM;R 1*** ---

*0-4ep* fJ 7 *--c.p:t#ar -dl i; !* rl. *'YI* tl:. .)2P&>:r:X D L/ */A ,,a, ;&d I a.l2J:tx..* **4 u; ,!h-h** *1****U"*** • IJ:2=



Follow-up made by: fic:.\.-.l.\..\_..•..-*5*- *:1*--' --- Date:  *c);t}*

<rl

IS)

<"rl

\*

<rl

\*

IS)

rl w

IS)

0..

Form Number Request Sheet

(By Facsimile)

**DATE: Fel>ruery S1 1998**

IS)

Cal:

*w*

0.

e(!Jr

0..

e\_Jr

f-

0

f-

\*\*

IS)

['­

*\D*

s:t

IS)

mN

0

f-

lS)

*\D*

s:t

['-

|  |  |  |  |
| --- | --- | --- | --- |
| 1 New York Amendatory Endorsement | 019 000 *545* | Mark Cenit | lo°l1 <l' |
| 2 New York Premises Liability Coverage  Endorsement | 019 000 545 | Mark. Cenil | CP'il 9 |
| J New YQik Retroactive Date Endorsement | 019 000 *545* | Mar.k. Cenit | I  *(J;,9('-{0* |
| 4 |  |  |  |
| *s* |  |  |  |
| 6 |  |  |  |
| 7 |  |  |  |
| *B* |  |  |  |

TO: Rose Rodriguez- Forms Control

Phone# (212) 770-3052

Fax# (212) 809-7460

FROM: Seth Seifman

Phone# (2l2) 820-4656

Fax# (212) 820·4670

{Forms Control)

IS)

m

ml/l

I.'-

N

..-i

N

m

IS)

m

N

<rl

N

......

eU)r

Iu

0..

.(.!..J..

er .

fl'. I

LL I

I

.. 1.

mm.i!

*\*<r*D*l

"• t '·.

**Form** Title Charge Codes

Requester

Number

*p:*

*\D*

IS) ,,

m ..

w

CC. SHARON ALEXANDER Number or Pages:

m.

,-4

*m*

LL ,;'J.

'...

:I

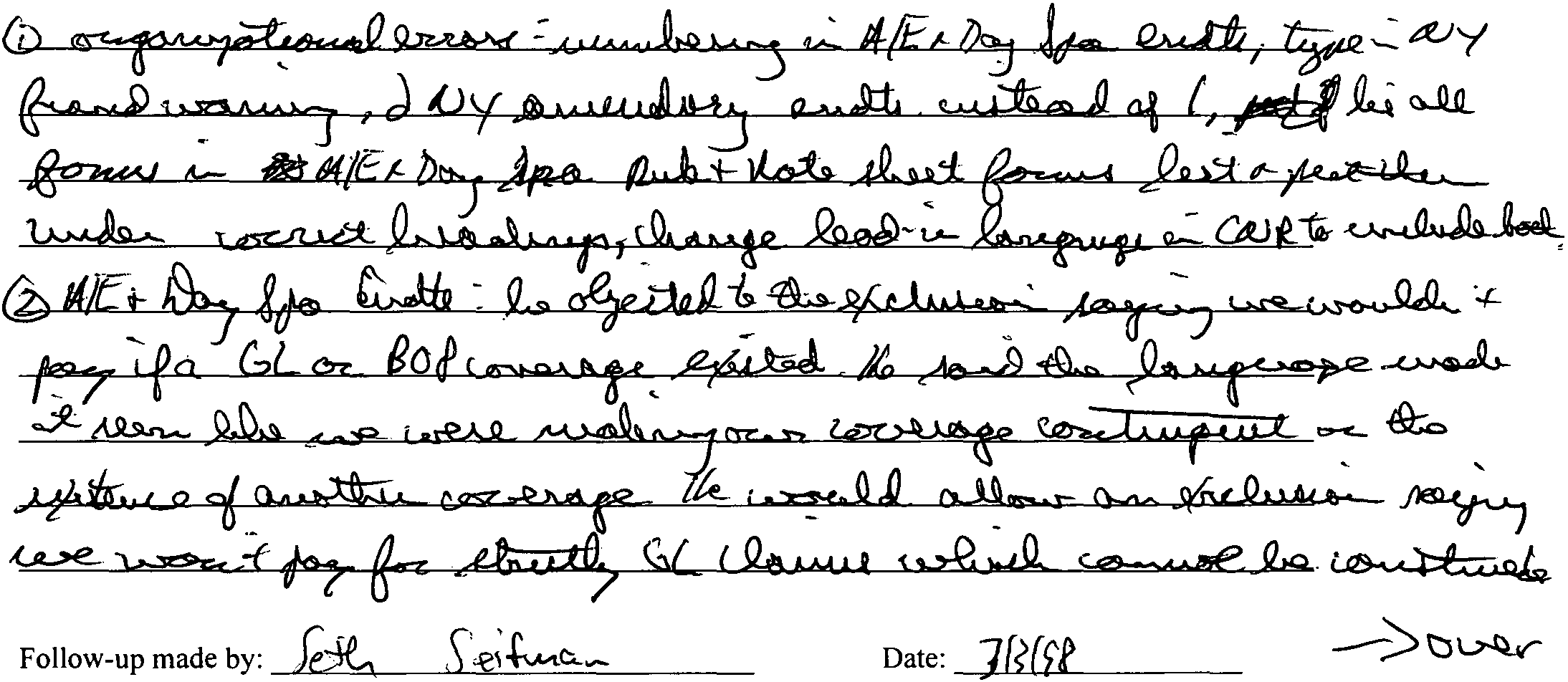
U)

©

Ill



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ]YI ruck :ti? \_M --)f | *Q#fO* |  | ;. | *JI.lo.(.,,* -,.. a\_ ITT o\_ - |
| *DNI#/ }uW* A>,o | *R* 4 | *('R* |  | *tJ,,O.f» IR,,,," G®* \_l,oA *ff <ktt U* Q |

7 /lvv "Y . "



**STATE FILINGS DEPARTMENT**

FILING FOLLOW UP (By Phone Calls)

Program: /11:E ·

Date Filed: *\_9. ..\_(9\_7*

*\_*

Company(ies): --",(j · +f \ (

\_

Profit Center Contact: *il{r::,.{* L *Co.A*

Our File No.: **ft** iL*·'-91-Pl* - *f {*

State: \_ , -"'- -P-----------

Their file no.: \_

Phone#: (2\'2-') '\ O -fib'{

Approved, effective as of \_

Disapproved (reference reason below)

Not yet reviewed, target date \_

Objections outstanding (listed below)

**Notes/Status/Additional Information Required/Action Plan:**

**!JLA.** -

**g GZ.(14(l/ft)· t(h\_** ·

- **·YrJJ.j·**

t1) *f)<D,;,* .i-wJ6l '. n;., .,.k. *fa" :,] d:,/'*

,1,i.,. fc, /!.

**'L>->,**

***'2)cir***

1) if),.., &,-, <>...\_,

**STATE FILINGS DEPARTMENT**

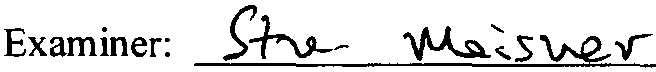
FILING FOLLOW UP (By Phone Calls)

 Date Filed: *<!f.{[9/z J?*

Company(ies): **\_JJ\_\_\_t \_**

Profit Center Contact: IJ)-{.o--t*)C\_* L *v,..z·{;:-* State:

**,,\_)....,,l,\_y""F'------**

OurFileNo.: **UjC..-ct:7- efL-\l** Their file no.: -------

Approved, effective as of \_ Disapproved (reference reason below) Not yet reviewed, target date \_ Objections outstanding (listed below)

**Notes/Status/Additional Information Required/Action Plan:**

U-.,. *Ca\ Qs;\* % *I )* x.\..,j' &C \.)<m. ff.k *(Q\)J}e\_tf.* )tQ'9( *I;*

J Mc.. k,,<t- \ *..fr+»* c.t t.)Ap l (/@fc(r'1 *"7 .1/li('9:P. 'tr:=,ld* \JUQ..

*{Q t\* i"+. :-lo hc'..u.

Follow-up made by: f'd-L *(,e;.P.* Date: 2.([s/e **f**

**American International Group State Filings Department**

**70 Pine Street, 23 Fl. New York, NY 10270**

**MEMORANDUM**

Date: February 5, 1998

To: Traci Ribeiro

From: Seth Seifman

Subject: New York Objection -Aestheticians and Electrologists Program

CC.

Please find the attached objection letter from New York and accompanying endorsements. I apologize for doing this to you with such a long and detailed objection, but the underwriter would like me to send this out today. If you could respond ASAP, I would truly appreciate it. If it helps moves things along, the New York Amendatory Endorsement and New York Retroactive Date Endorsement were drafted by Danielle Cortina in Policy Drafting, which means they probably require less scrutiny than if I had drafted them.

1. The New York Amendatory Endorsement addresses all the subparts of objection 1 that we aren't challenging (lb,c,d, and e). We are adding the ISO condition regarding transfer of duties (which the dept. sent to us); amending the representation condition (replacing it with standard ISO language which is in compliance with NY law); and also changing our audit period in Condition E. from 3 years to 180 days as required by 161.lO(a). We are also amending Exclusion C so that dishonest, fraudulent, or malicious acts, errors, or omissions are never covered. The examiner was adamant about this on the phone. It also resolves the typo problem in this exclusion.

The examiner conceded that we do not have to redefine discrimination (la) since discrimination coverage is being excluded. In 1f, the examiner asks us to bring the policy into compliance with Section 3420(a)(4) ofNew York Insurance Law, which requires us to include a provision stating that we cannot invalidate a claim because the insured or another claimant failed to deliver any notice required within a prescribed time period if it was not reasonably possible to do so and notice was delivered as soon as reasonably possible. Since this is an occurrence policy and the insured can make a claim at any time, provided the wrongful act took place during the policy period, we believe that the policy is already consistent with this regulation. Although Section

VIII. Other Provisions Affecting Coverage, Subsection L., Duties in the Event of a Wrongful Act, Claim, or Suit, requires the insured to, "Notify us as soon as practicable," in the event of a claim or a wrongful act which may result in a claim,

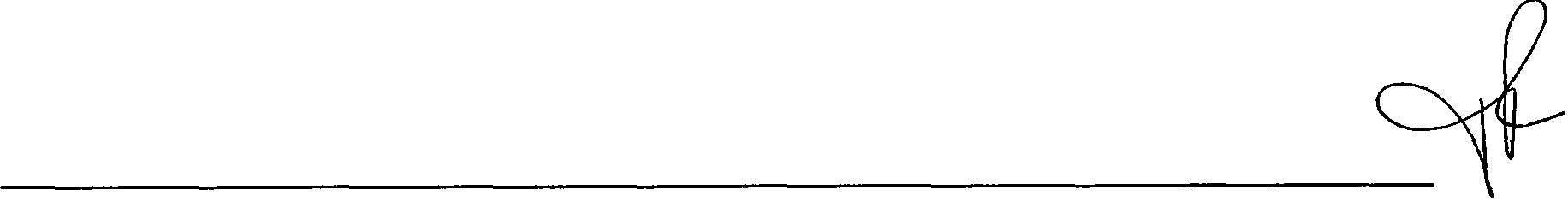
this provision is both standard and reasonable.

of

**MEMORANDUM**

1. The attached New York Retroactive Date Endorsement satisfies all the conditions under which prior acts coverage for an occurrence policy is permissible in NY.
2. The underwriter and actuary decided to include premises liability coverage in New York rather than charge extra for it. As a result, I amended the Premises Liability Coverage Endorsement so that it no longer mentions the payment of additional premmm.

Please call me at 820-4656 with any questions or concerns. Thanks again for your help.



PROFESSIONAL LIABILITY INSURANCE POLICY\

|  |  |  |
| --- | --- | --- |
| This endorsement, effective  Policy No. | A.M.  issued to | forms a part of |
| By: |  |  |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE• -ro...,**

**New York Retroactive Date Endorsement**

**T CAREFULLY.**

This Policy is amended as follows:

In consideration of payment of an additional premium $ and for the purposes of this Endorsement only,

1. The Declarations page is amended to include the following: Retroactive Date-----------
2. Coverage under this policy is extended to include **claims for wrongful acts** arising solely in the conduct of **your** activities as covered under this Policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period** and the **claim** is reported to us in writing during the **policy period.**
3. In no event shall coverage offered by this Endorsement apply to any loss, **claim, or suit** reported to a prior insurance carrier nor shall coverage apply to any loss, claim or suit of which the Insured had knowledge prior to the inception date of this Endorsement.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative



|  |  |  |
| --- | --- | --- |
| This endorsement, effective  Policy No. | A.M.  issued to | forms a part of |
| By: |  |  |

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

-- **PROFESSIONAL LIABILITY INSURANCE POLICY**

**\_lJew York Premises Liability Coverage Endorsement**

The Policy is amended as follows:

1. Section I. Coverage is amended to include the following as an additional coverage: Premises Liability

**We** shall pay amounts **you** are legally obligated to pay to compensate others for **bodily injury** or **property damage** arising out of an occurrence on premises owned, rented, or used by **you** in the conduct or the providing of **your professional services** as stated in the Item 5. of the Declarations. The **bodily injury** or **property damage** must take place during the **policy period.**

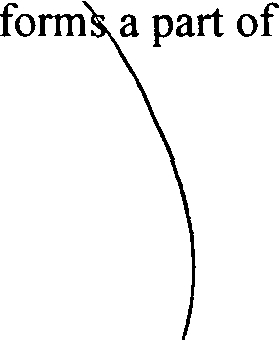
1. For the purposes of this Endorsement only and with respect to the coverage granted above, Section IV. Exclusions, Exclusion A. is deleted in its entirety.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

**xxxxx (2/98)**

PROFESSIONAL LIABILITY INSURANCE µ

This endorsement, effective A.M.

Policy No. issued to

By:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULL** . NEW YORK AMENDATORY ENDORSEM

The Policy is hereby amended as follows:

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision E. EXAMINATION OF YOUR BOOKS AND RECORDS is deleted in its entirety and replaced with the following:

E. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**We** may examine and audit your books and records as they relate to this Policy at any during the policy period and up to 180 days afterward.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE, Provision P. REPRESENTATIONS is deleted in its entirety and replaced with the following:
2. REPRESENTATIONS

By accepting this Policy, **you** agree:

* 1. The statements in the Application and Declarations are accurate and complete;
  2. Those statements are based upon representations **you** made to **us;** and
  3. **We** have issued this Policy in reliance upon **your** representations.

1. Section VIII. OTHER PROVISIONS AFFECTING COVERAGE is amended to include the following additional provision:
2. TRANSFER OF DUTIES WHEN LIABILITY LIMIT IS EXHAUSTED
   1. If **we** conclude that, based on **wrongful acts, claims,** or **suits** which have been reported to **us** and to which this insurance may apply, the Aggregate Limit is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.
   2. When the Aggregate Limit has actually been used up in the payment of judgments or settlements:
      1. **We** will notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and **our** duty to defend **suits** seeking damages subject to that limit has also ended.
      2. We will initiate, and cooperate in, the transfer of control, to any appropriate Insured, of all **claims** and **suits** seeking damages which are subject to that limit and which are reported to us before that limit is used up. You must cooperate in the transfer of control of said **claims** and **suits.**

**We** agree to take such steps, as **we** deem appropriate, to avoid a default in, or to continue the defense of, such **suits** until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

**We** will take no action whatsoever with respect to any **claim** or **suit** seeking damages that would have been subject to that limit, had it not been used up, if the **claim** or **suit** is reported to **us** after that limit of insurance has been used up.

* + 1. The first Named Insured, and any other insurer involved in a **suit** seeking damages subject to that limit, must arrange for the defense of such **suit** within such time period as agreed to between the appropriate Insured and **us.** Absent any such agreement, arrangements for the defense of such **suit** must be made as soon as practicable.
  1. The first Named Insured will reimburse **us** for the expenses **we** incur in taking those steps **we** deem appropriate in accordance with paragraph 2.b. above.

The duty of the first Named Insured to reimburse us will begin on either the date on which the Aggregate Limit is used up, if we sent notice in accordance with paragraph 1. above, or the date on which **we** sent notice in accordance with paragraph 2.a. above, if did not send notice in accordance with paragraph 1. above.

we

* 1. The exhaustion of the Aggregate Limit of insurance by the payments of judgment or settlements, and the resulting end of **our** duty to defend will not be affected by **our** failure to comply with any of the terms of this Provision.

1. Section IV. EXCLUSIONS, Provision C. is deleted in its entirety and replaced with the following:

C. Any dishonest, fraudulent, criminal or malicious act, error or omission;

**All other terms, provisions, conditions, and exclusions shall remain unchanged.**

Authorized Representative

s>eitman,' s-eth·· .. .

**From:··** Cenit, Mark ·

**Sent:** Wednesday, February 04, 1998 11:35 AM

**To:** Seifman, Seth

**Subject:** FW: Aestheticians & Electrologists *I* Day Spa Professional Liability

**Importance:** High

**Categories:** A&E

-----Original Message-----

**Ce.nit;**

**From:·** --· **Mark** ..

=., *u* ,, ...<$(,, -" *"'"'" aw/.wN,.'.-,u,u..-.u,u...-. •.,"* ',a,.,.= .,, ,,<(<-•-· .. ,,,,;.,\_,\_, 'm-..-J;;;,,,.-...-.}4,-, -.,,

**Sent:** Wednesday, February 04, 1998 10:24 AM

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists *I* Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

-----Original Message-----

-cen1t;·Mark· ·· - .· . -

From: ··

- WA -., ;,;,...y'SS, o *OOoo<,d,,,,....,....,j:f/.hu • '"'* " *•••'"°"x,1a.* <, ,..\_;,, •, *,\,:-..,i-.:u --,;,, *

**Sent:** Tuesday, February 03, 1998 9:27 AM

**To:** Fiorito, Michael

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability

**Importance:** High

While the A&E policy does not have a stated minimum, it would be 200 due to the rating system. I am not sure if the omission was intentional or not.

The best answer I can come up with for the optional rating is that they **were** based upon industry standards.

I **that is not sufficient let me know** & I **will try to back it up a little differently.**

**Mark**

**From: Sent: To: Subject:**

Fiorito, Michael

Wednesday, January 28, 1998 4:13 PM Larson, Chris

Aestheticians & Electrologists / Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that you are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

There are optional coverages included on the rate pages for both programs. Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

***Michael Fiorito Actuarial Assistant (212) 770*** - ***6762***

**Seifman, .sefff** .. 

**From:** · Cenit, Mark

**Sent:** Wednesday, February 04, 1998 1:37 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

**Importance:** High

**Categories:** A&E

Ok I was not able to finds out a huge amount but...

I do not know if the omission of A&E minimum premium was intentional. However the belief here is that it was "self-evident" since the must have one operator the coverage could not go for less than the $200 charge. If it is easier to go in and say we omitted it we can do that. Your call.

As for the optional rating, the only form I could find that charged for the premises liability is a tanning salon. I do not expect that this would be enough to convince the state. If that is the case we will consent to the removal of the charge for the state of NY. Our rational is that loss of money for this coverage would be made up by the amount of business in the state.

How will this effect the coverage for the state? Can the coverage still be optional, but attached when requested for no charge?

As for the prior acts coverage, we should be able to justify it. Does the information supplied by Mark give have provisions for tail coverage. If so can we use that for the PIA rating. It should be substantially the same. Isn't it different ways of looking at the same coverage? I am not comfortable letting go of this issue. It really is a minor charge since it is only of the part of coverage that is rolling over from claims made, but it is a principal type thing.

Please let me know what else you need form me. Thank you

-----Original Message-----

J:rpll!: \_+,::;l!C?r !p; ic C .\_

\_ =- \_-*-,:* , .*:*

. . ..·.. *,:*

**Sent:** Wednesday, February 04, 1998 11:55 AM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

Regarding the A & E minimum premium:

We need to know if the omission was intentional. If not, the minimum in the Day Spa program is $500 so why would these minimums be different?

Optional Rating:

Saying that the rates are based on industry standards is not sufficient. The competitors that Mark supplied us with all include premises coverages in their rates - which happen to be close to ours rates not including the premises coverage. Therefore, unless you can find competitors which charge the same rates as us for these coverages (or some other way to justify the charges}, you might want to consider removing the charges.

We are also confused about the prior acts coverage. Isn't this program written on an occurrence basis?

Please respond as soon as possible.

Thank you.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message----­

·r=rom:'

''CP'Cenit{Mark.f\*

·sent: we·driesday,i=e5ruary 04: 199a 10:13AM

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists/ Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

-----Original Message-----

t!::'- !!':,,:. h=C nit, **Mark** Loh. . */ ',/p&;* ="'· *:.-5•''' cJ*

Sent: Tuesday, February 03, 1998 9:27 AM

**To:** Fiorito, Michael

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

**While the A&E policy does not have a stated minimum, it would be 200 due to the rating system.** I

**am not sure if the omission was intentional or not.**

**The best answer** I **can come up with for the optional rating is that they were based upon industry standards.** I **that is not sufficient let me know** & I **will try to back it up a little differently.**

**Mark**

**From:** Fiorito, Michael

**Sent:** Wednesday, January 28, 1998 4:13 PM

**To:** Larson, Chris

**Subject:** Aestheticians & Electrologists / Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that you are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

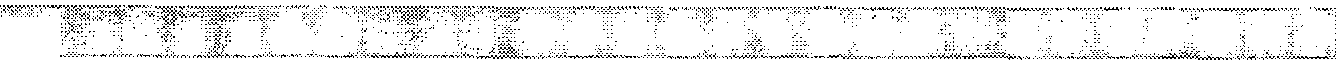
There are optional coverages included on the raie pages for both programs.

Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

*Michael Fiorito Actuarial Assistant (212) 770* - *6762*

**Seifman, Setti.**

**From:** ·· Fiorito, Michael

**Sent:** Wednesday, February 04, 1998 2:35 PM

**To:** Cenit, Mark

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability

**Categories:** A&E

Have you received a copy of the objection letter from Seth?

From my understanding, you should be able to amend the prior acts endorsement (68324) to comply with the NY DOl's question number 2. It's really not an actuarial issue.

For the A & E minimum premium - we will tell the DOI that there is no minimum premium (this should be fine).

Where does the Tanning Salon Filing contain a premises liability charge? It would be helpful for us to see this. It is possible that the DOI would buy the fact that we based the charges on the Tanning Salon program but we need to see it first. On the other hand, if you remove the charge there should be no problem to include it in the base rate - since all of the competitors seem to include it in their rates anyway.

Seth - Once I have an answer finalized to the DOI questions 3 & 4 I will forward it to you. The other questions do not pertain to actuarial issues.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**iFrom:** .. **Cenit, Mark** .,,, . ·• ·· "".. *:.*

**Sent:** Wednesday, February 04, 1998 1:37PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

Ok I was not able to finds out a huge amount but...

I do not know if the omission of A&E minimum premium was intentional. However the belief here is that it was "self-evident" since the must have one operator the coverage could not go for less than the $200 charge. If it is easier to go in and say we omitted it we can do that.

Your call.

As for the optional rating, the only form I could find that charged for the premises liability is a tanning salon. I do not expect that this would be enough to convince the state. If that is the case we will consent to the removal of the charge for the state of NY. Our rational is that loss of money for this coverage would be made up by the amount of business in the state.

How will this effect the coverage for the state? Can the coverage still be optional, but attached when requested for no charge?

As for the prior acts coverage, we should be able to justify it. Does the information supplied by Mark give have provisions for tail coverage. If so can we use that for the P/A rating. It should be substantially the same. Isn't it different ways of looking at the same coverage? I

am not comfortable letting go of this issue. It really is a minor charge since it is only of the part of coverage that is rolling over from claims made, but it is a principal type thing.

Please let me know what else you need form me. Thank you

-----Original Message-----

**·t=ro·m:** ·---,,, **FiOfitO, :JVfich· el·.** --- - --- '"------

**se·nt:** . v\/ednesday;T=ebruary o4:T99811:55-AM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

Regarding the A & E minimum premium:

We need to know if the omission was intentional. If not, the minimum in the Day Spa program is $500 so why would these minimums be different?

Optional Rating:

Saying that the rates are based on industry standards is not sufficient. The competitors that Mark supplied us with all include premises coverages in their rates - which happen to be close to ours rates not including the premises coverage. Therefore, unless you can find competitors which charge the same rates as us for these coverages (or some other way to justify the charges), you might want to consider removing the charges.

We are also confused about the prior acts coverage. Isn't this program written on an occurrence basis?

Please respond as soon as possible. Thank you.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**:From'r** ...

**,··ceriit ·Mark···**

**-** ·--,.-,·-. .... ..

••••-·--'••rn-'<-•••• • - *,.;: --* • -- = • ••- ··-•• ·-•:/},---·· -• -., .-;.-.. ---- ·-·-• ··• ••

**Sent:** Wednesday, February 04, 1998 10:13 AM

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

**F**--**.**-**r**-**o**-**m**Or**:**ig··inal·Message-----

**+··** . ·+1;1; ·

**senE**····-·

**cehii :1111ar1<**

fuesday, F'ei6.ruarv

o:'{ Tsss 'F2iArv1 ·······-·······

**To:** Fiorito, Michael

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

**While the A&E policy does not have a stated** minimum, **it would be 200 due to the rating system.** I **am not sure if the omission was intentional or not.**

**The best answer** I **can come up with for the optional rating is that they were based upon industry standards.** I **that is not sufficient let me know** & I **will try to back it up a little differently.**

**Mark**

**From: Sent: To: Subject:**

Fiorito, Michael

Wednesday, January 28, 1998 4:13 **PM**

Larson, Chris

Aestheticians & Electrologists / Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that you are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

There are optional coverages included on the rate pages for both programs. Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

***Michael Fiorito Actuarial Assistant (212) 770*** - ***6762***

**Seifnlan, Seth** · :;·=:-" YcC'" 

lrom' ·-·' ··F1a·r11o.··Michae,

**Sent:** Wednesday, February 04, 1998 4:04 PM

**To:** Cenit, Mark; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability

**Categories:** A&E

Are you going to remove the premises coverage or is it going to be included in the rate? If it's included in the rate then I believe all you would have to do is revise the rate sheet. If you remove it completely, I believe that there would be a problem with the policy forms. I'm not very sure about this stuff - Seth should be able to answer this better.

Seth - since the DOI question 3 will no longer apply, please format a response to them regarding the change in the optional coverages.

Question 4 (minimum premiums):

"The minimum premium has been based on the minimum premium for the National Union Fire Insurance Company of Pittsburgh Pennsylvania's Tanning Salons program and is in line with competitors."

"There is no minimum premium for the Aestheticians & Electrologists program."

I believe that this should be sufficient. If there is any further information that you need from me, please don't hesitate to contact me.

Thanks.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

·From: ·:i0enit; Mar1c· ,

**Sent:--** Wecfr1esday, February 04, f998 2·:3·9.PM.

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability

Actually, I do not have a copy of the NY letter (or have not unearthed it yet). The tanning policy I was referring to was a competitors and I think it may be surplus lines. Lets just remove the charge and go.

Seth let me know what you need for the PA endorsement.

Mark

266-5619

-----Original Message-----

**Froan:·· ..Fiorito,:Michael** . . 

se·;,-E wea·nesday.·Februa·ryo4, 1 fgs·2:3s·IsM

**To:** Cenit, Mark

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

Have you received a copy of the objection letter from Seth?

From my understanding, you should be able to amend the prior acts endorsement (68324) to comply with the NY DOl's question number 2. It's really not an actuarial issue.

For the A & E minimum premium - we will tell the DOI that there is no minimum premium (this should be fine).

Where does the Tanning Salon Filing contain a premises liability charge? It would be helpful for us to see this. It is possible that the DOI would buy the fact that we based the charges on the Tanning Salon program but we need to see it first. On the other hand, if you remove the charge there should be no problem to include it in the base rate - since all of the competitors seem to include it in their rates anyway.

Seth - Once I have an answer finalized to the DOI questions 3 & 4 I will forward it to you. The other questions do not pertain to actuarial issues.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**:From:** .• .**Cenit, Mar )** v"' .

**Senit···** Wednesday, February 04, 1°9981:37 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

Ok I was not able to finds out a huge amount but...

I do not know if the omission of A&E minimum premium was intentional. However the belief here is that it was "self-evident" since the must have one operator the coverage could not go for less than the $200 charge. If it is easier to go in and say we omitted it we can do that. Your call.

As for the optional rating, the only form I could find that charged for the premises liability is a tanning salon. I do not expect that this would be enough to convince the state. If that is the case we will consent to the removal of the charge for the state of NY. Our rational is that loss of money for this coverage would be made up by the amount of business in the state.

How will this effect the coverage for the state? Can the coverage still be optional, but attached when requested for no charge?

As for the prior acts coverage, we should be able to justify it. Does the information supplied by Mark give have provisions for tail coverage. If so can we use that for the P/A rating. It should be substantially the same. Isn't it different ways of looking at the same coverage? I am not comfortable letting go of this issue. It really is a minor charge since it is only of the part of coverage that is rolling over from claims made, but it is a principal type thing.

Please let me know what else you need form me. Thank you

-----Original Message-----

**-From:·** *·:* **Fiorito, Michael**

**Sent:**. . ... Wednesday, Febru·ario4:·fags 11:55 AM.

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

Regarding the A & E minimum premium:

We need to know if the omission was intentional. If not, the minimum in the Day Spa program is $500 so why would these minimums be different?

Optional Rating:

Saying that the rates are based on industry standards is not sufficient. The competitors that Mark supplied us with all include premises coverages in their rates - which happen to be close to ours rates not including the premises coverage. Therefore, unless you can find competitors which charge the same rates as us for these coverages (or some other way to justify the charges), you might want to consider removing the charges.

We are also confused about the prior acts coverage. Isn't this program written on an occurrence basis?

Please respond as soon as possible. Thank you.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

!:rorn: --

-. i Jt;M rk - · . :. .. ... .. .J,,\_,L\_ . 

**Sent:** Wednesday, February 04, 1998 10:13 AM

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

-----Original Message-----

**From:** :r- **C nit, Mark** .. . .. . .J

**Sent:..** Tuesday, February 03,.fags 9:27 AM

**To:** Fiorito, Michael

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

**While the A&E policy does not have a stated minimum, it would be 200 due to the rating system.** I **am not sure if the omission was intentional or not.**

The best answer I can come up with for the optional rating is that they were based upon industry standards. I that is not sufficient let me know & I will try to back it up a little differently.

**Mark**

**From: Sent: To: Subject:**

Fiorito, Michael

Wednesday, January 28, 1998 4:13 PM Larson, Chris

Aestheticians & Electrologists/ Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that you are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

There are optional coverages included on the rate pages for both programs. Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

***Michael Fiorito***

***Actuarial Assistant***

***(212) 770*** - ***6762***

**Seifman, S th** , ;-- ":-,.. .. 

**From:** . <£ Cenit, **Mark** C Cd-;,;..,,,.::....

**Sent:** Wednesday, February 04, 1998 4:07 PM

**To:** Fiorito, Michael; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Categories:** A&E

We would like to include the Premises liability in the rate we have already filed.

Mark

266-5619

-**F**--**r**-**o**-O**ni**r**:**i**;**g.·inal M**F.l**e**or**s**it**s**O**a**<**g**;**•ev-M--i-C-hae ,y- .'

•vn ·-·.,, **••**

V ••• -·,

senf:· ·wednescfayi-r=ebruary-04,199a 4:04PKr -

**To:** Cenit, Mark; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

Are you going to remove the premises coverage or is it going to be included in the rate? If it's included in the rate then I believe all you would have to do is revise the rate sheet. If you remove it completely, I believe that there would be a problem with the policy forms. I'm not very sure about this stuff - Seth should be able to answer this better.

Seth - since the DOI question 3 will no longer apply, please format a response to them regarding the change in the optional coverages.

Question 4 (minimum premiums):

"The minimum premium has been based on the minimum premium for the National Union Fire Insurance Company of Pittsburgh Pennsylvania's Tanning Salons program and is in line with competitors."

"There is no minimum premium for the Aestheticians & Electrologists program."

I believe that this should be sufficient. If there is any further information that you need from me, please don't hesitate to contact me.

Thanks.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

**;i=·rci"m:·** - - **-··"c&nlt;. M·ar1c···**: -·· ,·- ",,. -- . ···-*·,\*;* ··-

·sent: - we·dnesday ebruary·04:f!:j§a2:39 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

Actually, I do not have a copy of the NY letter (or have not unearthed it yet). The tanning policy I was referring to was a competitors and I think it may be surplus lines. Lets just remove the charge and go.

Seth let me know what you need for the PA endorsement.

Mark

266-5619

-----Original Message-----

**From: · Fiorito, Michaer**

**Sent:** Wednesday,-February 04, 1998 2:35 PM

**To:** Cenit, Mark

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Have you received a copy of the objection letter from Seth?

From my understanding, you should be able to amend the prior acts endorsement (68324) to comply with the NY DOl's question number 2. It's really not an actuarial issue.

For the A & E minimum premium - we will tell the DOI that there is no minimum premium (this should be fine).

Where does the Tanning Salon Filing contain a premises liability charge? It would be helpful for us to see this. It is possible that the DOI would buy the fact that we based the charges on the Tanning Salon program but we need to see it first. On the other hand, if you remove the charge there should be no problem to include it in the base rate - since all of the competitors seem to include it in their rates anyway.

Seth - Once I have an answer finalized to the DOI questions 3 & 4 I will forward it to you. The other questions do not pertain to actuarial issues.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**SFeronmt**.**:·:· : :-cen.t;;Mark** . :;::·

.

( :37.PM

·weeinesdayi-Feb/uary·o.; 19981

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

Ok I was not able to finds out a huge amount but...

I do not know if the omission of A&E minimum premium was intentional. However the belief here is that it was "self-evident" since the must have one operator the coverage could not go for less than the $200 charge. If it is easier to go in and say we omitted it we can do that. Your call.

As for the optional rating, the only form I could find that charged for the premises liability is a tanning salon. I do not expect that this would be enough to convince the state. If that is the case we will consent to the removal of the charge for the state of NY. Our rational is that loss of money for this coverage would be made up by the amount of business in the state.

How will this effect the coverage for the state? Can the coverage still be optional, but attached when requested for no charge?

As for the prior acts coverage, we should be able to justify it. Does the information supplied by Mark give have provisions for tail coverage. If so can we use that for the P/A rating. It should be substantially the same. Isn't it different ways of looking at the same coverage? I am not comfortable letting go of this issue. It really is a minor charge since it is only of the part of coverage that is rolling over from claims made, but it is a principal type thing.

Please let me know what else you need form me. Thank you

-----Original Message-----

**From: ----fiorito, Michae\_l** . ··-- . \_ \_ \_ i

**Sent:** VVednesday,-Februaiy 04,·19913 h:55AM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

Regarding the A & E minimum premium:

We need to know if the omission was intentional. If not, the minimum in the Day Spa program is $500 so why would these minimums be different?

Optional Rating:

Saying that the rates are based on industry standards is not sufficient.

The competitors that Mark supplied us with all include premises coverages in their rates - which happen to be close to ours rates not including the premises coverage. Therefore, unless you can find competitors which charge the same rates as us for these coverages (or some other way to justify the charges), you might want to consider removing the charges.

We are also confused about the prior acts coverage. Isn't this program written on an occurrence basis?

Please respond as soon as possible. Thank you.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message----­

fFrom: . **Cenit, Mark**

**Sent:** Wednesday,-Febru-ary 04, 1998 10:13 AM ..

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

F--r--o-mOr:i'g·-ina···l M**ce**e**n**s**:**s**,** a**·n**g**n**e**a**-**r**--**k**-- . ·

**SenE·** ·--Tuesday, February63 T99iflf:2iAM

**To:** Fiorito, Michael

··7Zc· i

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

**While the A&E policy does not have a stated minimum, it would be 200 due to the rating system.** I **am not sure if the omission was intentional or not.**

**The best answer** I **can come up with for the optional rating is that they were based upon industry standards.** I **that is not sufficient let me know** & I **will try to back it up a little differently.**

**Mark**

From: Sent: To: Subject:

Fiorito, Michael

Wednesday, January 28, 1998 4:13 PM Larson, Chris

Aestheticians & Electrologists / Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that yo1.,1 are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

There are optional coverages included on the rate pages for both programs. Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

***Michael Fiorito Actuarial Assistant (212) 770*** - ***6762***

**Seifrnan;: Seth** -  

**Frorn:** Fiorito, Michael

**Sent:** Wednesday, February 04, 1998 4:24 PM

**To:** Cenit, Mark; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Categories:** A&E

That should be fine. Just change the rate sheet and the policy forms to indicate that the Premises coverage is "included".

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From-:S**- - ..**Cenit, Mark\_.** .

**Sent:** ··-·

\JVednesday, February 04, 19{ia·4:61PM

**To:** Fiorito, Michael; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability We would like to include the Premises liability in the rate we have already filed.

Mark

266-5619

-----Original Message-----

**From -,-Fiorito, 1\/ffchaef** ·--"- . ,

**·sent:··** .. Wednesday, February 0(19·§84':6 (15f.;J

**To:** Cenit, Mark; Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

Are you going to remove the premises coverage or is it going to be included in the rate? If it's included in the rate then I believe all you would have to do is revise the rate sheet. If you remove it completely, I believe that there would be a problem with the policy forms. I'm not very sure about this stuff- Seth should be able to answer this better.

Seth - since the DOI question 3 will no longer apply, please format a response to them regarding the change in the optional coverages.

Question 4 (minimum premiums):

"The minimum premium has been based on the minimum premium for the National Union Fire Insurance Company of Pittsburgh Pennsylvania's Tanning Salons program and is in line with competitors."

"There is no minimum premium for the Aestheticians & Electrologists program."

I believe that this should be sufficient. If there is any further information that you need from me, please don't hesitate to contact me.

Thanks.

' ***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

**From: Cenit""Mark** s 0" :- 

. . . . I - ,, .. · . • :\_

**Sent:** Wednesday, February 04, 1998 2:39 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

Actually, I do not have a copy of the NY letter (or have not unearthed it yet). The tanning policy I was referring to was a competitors and I think it may be surplus lines. Lets just remove the charge and go.

Seth let me know what you need for the PA endorsement.

Mark

266-5619

-----Original Message-----

**Frorif: Fiorito;Mfohael**.. ·· :..;,, "-,;- .. "" .. ,." ..·.· *::*.*:.*

·sent: we,inescfay:Febr ary 04 f99Ef2:3s PM-·

**To:** Cenit, Mark

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability Have you received a copy of the objection letter from Seth?

From my understanding, you should be able to amend the prior acts endorsement (68324) to comply with the NY DOl's question number 2. It's really not an actuarial issue.

For the A & E minimum premium - we will tell the DOI that there is no minimum premium (this should be fine).

Where does the Tanning Salon Filing contain a premises liability charge? It would be helpful for us to see this. It is possible that the DOI would buy the fact that we based the charges on the Tanning Salon program but we need to see it first. On the other hand, if you remove the charge there should be no problem to include it in the base rate - since all of the competitors seem to include it in their rates anyway.

Seth - Once I have an answer finalized to the DOI questions 3 & 4 I will forward it to you. The other questions do not pertain to actuarial issues.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

ff in:· - ·:ceniJ; M,i(tK ·-: -- - f: --- \_;· ·-;- ·

**Sent:** Wednesday, February 04, 1998 1:37 **PM To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability

**IImportance:** High

Ok I was not able to finds out a huge amount but...

I do not know if the omission of A&E minimum premium was intentional. However the belief here is that it was "self-evident" since the must have one operator the coverage could not go for less than the $200 charge. If it is easier to go in and say we omitted it we can do that. Your call.

As for the optional rating, the only form I could find that charged for the premises liability is a tanning salon. I do not expect that this would be enough to convince the state. If that is the case we will consent to the removal of the charge for the state of NY. Our rational is that loss of money for this coverage would be made up by the amount of business in the state.

How will this effect the coverage for the state? Can the coverage still be optional, but attached when requested for no charge?

As for the prior acts coverage, we should be able to justify it. Does the information supplied by Mark give have provisions for tail coverage. If so can we use that for the P/A rating. It should be substantially the same. Isn't it different ways of looking at the same coverage? I am not comfortable letting go of this issue. It really is a minor charge since it is only of the part of coverage that is rolling over from claims made, but it is a principal type thing.

Please let me know what else you need form me. Thank you

-----Original Message-----

**-From**.**:** - **Fiorito, Michaei** -·

**·sent:** - Wedriesday,-Fel:>ruaryb4,·1·ggs·11:55AM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability

Regarding the A & E minimum premium:

We need to know if the omission was intentional. If not, the minimum in the Day Spa program is $500 so why would these minimums be different?

Optional Rating:

Saying that the rates are based on industry standards is not sufficient. The competitors that Mark supplied us with all include premises coverages in their rates - which happen to be close to ours rates not including the premises coverage. Therefore, unless you can find competitors which charge the same rates as us for these coverages (or some other way to justify the charges), you might want to consider removing the charges.

We are also confused about the prior acts coverage. Isn't this program written on an occurrence basis?

Please respond as soon as possible. Thank you.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

f fi:>!f,:- · n! ,: 1 -- : -- ---

--· ··- ...

... \_

**Sent:** Wednesday, February 04, 1998 10:13 AM

**To:** Fiorito, Michael

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High Michael,

I just found out that we have a trade show in march in NY. If there is any way we could push this along it would be appreciated

Thanks

-----Original Message-----

**Frorri:** . **:,cenit/Mark**

**Sent:** ·Tuesday, February 03, f998 9:-27 **AM**

**To:** Fiorito, Michael

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability

**Importance:** High

**While the A&E policy does not have a stated** minimum, **it would be 200 due to the rating system.** I **am not sure if the omission was intentional or not.**

**The best answer** I **can come up with for the optional rating is that they were based upon industry standards.** I **that is not sufficient let me know** & I **will try to back it up a little differently.**

**Mark**

**From: Sent: To: Subject:**

Fiorito, Michael

Wednesday, January 28, 1998 4:13 **PM**

Larson, Chris

Aestheticians & Electrologists/ Day Spa Professional Liability

I work in Actuarial and I have received an objection letter from the New York DOI regarding the A & E / Day Spa Program. It is my understanding that you are now in charge of this program and that questions should be directed to you (according to Seth Seifman in State Filings).

There are optional coverages included on the rate pages for both programs. Do you know how the rates for these coverages were derived?

The Day Spa program has a $500 minimum premium. The A & E program does not specify a minimum. Do you know if this is an oversight or is there no minimum?

If you have any questions please don't hesitate to contact me. Thank you.

***Michael Fiorito Actuarial Assistant (212) 770*** - ***6762***

**Seifmc1n; $et11:.** ;:.,.·;: 

From. : --·

·cenif.Mark

**Sent:** Thursday, February 05, 1998 9:06 AM

**To:** Seifman, Seth

**Subject:** RE: A & E / Day Spa

The endorsements as presented are acceptable to me. I spoke to Michael late yesterday afternoon and I got the impression he could justify the P/A coverage. Let me know if you need help drafting the last endorsement, or anything else. Anything I can do to move this along I will, up to and including licking stamps.

**MAC**

---Original **Message----- From:** Seifman, Seth

**Sent:** Wednesday, February 04, 1998 5:19 PM

To: Cenit, Mark **Subject:** RE: A & E / Day Spa **Importance:** High

Mark,

I am attaching the endorsements for New York, along with information detailing how we will respond to each objection raised in the letter. Once I have your approval, I can start getting form #'s for these.

1. a. Since we are excluding acts of discrimination from coverage, the definition, need not be

changed. I obtained the examiner's verbal approval for this.

1. A Subsection containing ISO's guidelines for the rules and obligations related to the transfer of duties when the liability limit is exhausted has been added to Section VIII. (see New York Amendatory Endorsement).
2. Exclusion C. has been amended as the examiner requested (see New York Amendatory Endorsement).
3. The New York Amendatory Endorsement replaces Subsection E., of Section VIII. With a provision stating that we can examine an insured's books and records up to 180 days after the end of the policy period, as required by NY law.
4. The New York Amendatory Endorsement replaces Subsection P., Representations, of Section VIII. With standard ISO language, bringing the provision into compliance w/ NY law.
5. Since this is an occurrence policy it is already in compliance with the statute the examiner charges us with violating. The law states that we cannot invalidate a claim because the insured failed to deliver any notice required within a prescribed time period if it was not reasonably possible to do so and notice was delivered as soon as reasonably possibly. Asking the insured to "Notify us as soon as practicable," in the event of a claim or an act which could lead to a claim, as we do in Subsection L. Of Section VIII is both standard and reasonable and we should ask to retain that clause.
6. Please find the attached New York Retroactive Date Endorsement. It was
7. Now that we are including the premises coverage, I assume I will have to draft an endorsement to indicate that and will find someone here to instruct me. I spoke with

Michael Fiorito about justifying the Retroactive Date Coverage and he said he'd see what he could he could do, but didn't sound too confident.

I will be in a class for most of the day tomorrow, but will be back to check my e-mail at lunch and before and after work, so please leave any instructions for me so that we can work on mailing this out by Friday.

« File: nymplretro.doc » « File: nyendorsement.doc »

Seth

Seitman'; seth . 

**From:**- Cenit, Mark

**Sent:** Thursday, February 05, 1998 3:09 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Coverage

**Categories:** A&E

If that is the best we can do, lets do it! Mark



Prior Acts

---Original Message----

**From:** Fiorito, Michael

**Sent:** Thursday, February 05, 1998 3:01 PM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

We can support a factor of 1.35 Let me know what you think.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 2:25 **PM To:** Fiorito, Michael

**Subject:** Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

Michael,

I just wanted to follow up on our conversation of yesterday afternoon. Are you able to justify the Prior Acts? I think that is the last piece that Seth is waiting for to be able to file **NY.**

Thanks

**MAC**

**;Seifrt1a"ri;S-eth** !!''f};;;:· ·. "!i!?f :· -·- ·-·-"-···.--·-···-··-··



**From:** Fiorito, Michael

**Sent:** Thursday, February 05, 1998 4:45 PM

**To:** Cenit, Mark; Seifman, Seth

·;'.'\ '

- • ------,-",.·-·- - - - .. ----. ··-·· -··-·----.. -'.- \_.. J .

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Coverage

Prior Acts

**Categories:** A&E

Here is a response for the DOI for the PA coverage. Hopefully everything will work out!! "The factor for the prior acts coverage was determined judgmentally. Due to the fact that

there are no other programs to compare this to we have decided to base the factor on National

Union Fire Insurance Company of Pittsburgh Pennsylvania's Miscellaneous Professional Liability Program."

***Michael Fiorito***

***(212) 770*** - ***6762***

-**·**-**F**-**·**-**r**-**o**O**m**r**:**i·g-inal M**ce**e**n**s**i**s**t,**a**--**g**M**e**a**--**r**-**k**-**·**-**·** · ----------- ----- ,.

*hL>*

.-.-,,,.,,,, ..., .,,;,,:.,\_=,"" ,....., ,.i,-,uo,., A'\*"'' ,,,,-.".'.,·, "-·--

**Sent:** Thursday, February 05, 1998 3:09 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

If that is the best we can do, lets do it! Mark

---Original Message----- From: Fiorito, Michael

Sent: Thursday, February 05, 1998 3:01 PM To: Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

We can support a factor of 1.35 Let me know what you think.

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 2:25 PM

**To:** Fiorito, Michael

**Subject:** Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

Michael,

I just wanted to follow up on our conversation of yesterday afternoon. Are you able to justify the Prior Acts? I think that is the last piece that Seth is waiting for to be able

to file NY. Thanks **MAC**

**,Seifm 11, St! h,i** .· ;. .. 

**From"':"'** ' Cenit, Mark

**Sent:** Thursday, February 05, 1998 4:47 PM

**To:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability Prior Acts Coverage

**Categories:** A&E

If you are asking for my OK you have it. If not ignore me. MAC

-----Original Message---- From: Seifman, Seth

**Sent:** Thursday, February 05, 1998 4:34 PM To: Fiorito, Michael

Cc: Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability Prior Acts Coverage

**Importance:** High

Attached are the revised rate pages for New York plus the revised Premises Liability and Prior Acts coverage Endorsements. Please send word of your approval.

« File: **AE-RULE-NY.doc** » « File: **OS-RULE-NY.doc** » « File: **PREMISE-NY.doc** »

« File: nymplretro.doc »

Thanks,

Seth Seifman

-----Original Message-----

**From: Fiorito, Michael**

**Sent:** Thursday, February 05, 1998 3:20 PM

**To:** Seifman, Seth

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

Give me a call so we can talk about this! Thanks

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 3:09 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

If that is the best we can do, lets do it! Mark

-----Original Message----

**From:** Fiorito, Michael

**Sent:** Thursday, February 05, 1998 3:01 PM

To: Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Prior Acts Coverage

We can support a factor of 1.35 Let me know what you think.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 2:25 PM

**To:** Fiorito, Michael

**Subject:** Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverag'e

Michael,

I just wanted to follow up on our conversation of yesterday afternoon. Are you able to justify the Prior Acts? I think that is the last piece that Seth is waiting for to be able to file NY.

Thanks

**MAC**

**·seitman, Seth•**

**From:** · Fiorito, Michael

**Sent:** Thursday, February 05, 1998 4:59 PM

**To:** Seifman, Seth

**Cc:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Prior Acts Coverage

**Categories:** A&E

Looks like it should be fine, but I'm not the one to ask about the forms - give me numbers and I can do something but I try to stay away from words. Whoever is in charge of writing the forms (underwriting ? or state filings?) has to O.K. them.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**,frotti: Silfin3n/S8th**. - - *unm---·--*

4:3,rrrvr --·

**·se·nt:** fhursday-:fehruary 05, -1998

**To:** Fiorito, Michael

**Cc:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

**Importance:** High

Attached are the revised rate pages for New York plus the revised Premises Liability and Prior Acts coverage Endorsements. Please send word of your approval.

« File: AE-RULE-NY.doc » « File: OS-RULE-NY.doc» « File: PREMISE-NY.doc »

<< File: nymplretro.doc >>

Thanks,

Seth Seifman

-----Original Message-----

**From:** ... **Fiorito, Michael** , :.

**Sent:** Thursday, February05, 1998 3:20 PM

**To:** Seifman, Seth

**Subject:** FW: Aestheticians & Electrologists *I* Day Spa Professional Liability Coverage

Give me a call so we can talk about this! Thanks

Prior Acts

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From:**·· *r*

**ce·nit,:Marf-**

·---;;:· ··-·- ··- ··--:::-· ·-

**sent:** Thursday, February 05, 1998 3:09PM.

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Coverage

Prior Acts

If that is the best we can do, lets do it! Mark

-----Original Message-----

From: Fiorito, Michael

Sent: Thursday, February 05, 1998 3:01 PM To: Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Prior Acts Coverage

We can support a factor of 1.35 Let me know what you think.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 2:25 PM

**To:** Fiorito, Michael

**Subject:** Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

Michael,

I just wanted to follow up on our conversation of yesterday afternoon. Are you able to justify the Prior Acts? I think that is the last piece that Seth is waiting for to be able to file NY.

Thanks

**MAC**

**Seifman; Seth-:-** *·-c:* ·- - -".



**'From:** Seifman, Seth

**Sent:** Wednesday, February 04, 1998 5:19 PM

**To:** Cenit, Mark

**Subject:** RE: A & E / Day Spa

**Importance:** High Mark,

I am attaching the endorsements for New York, along with information detailing how we will

respond to each objection raised in the letter. Once I have your approval, I can start getting form

#'s for these.

1. a. Since we are excluding acts of discrimination from coverage, the definition, need not be changed. I obtained the examiner's verbal approval for this.
2. A Subsection containing ISO's guidelines for the rules and obligations related to the transfer of duties when the liability limit is exhausted has been added to Section VIII. (see New York Amendatory Endorsement).
3. Exclusion C. has been amended as the examiner requested (see New York Amendatory Endorsement).
4. The New York Amendatory Endorsement replaces Subsection E., of Section VIII. With a provision stating that we can examine an insured's books and records up to 180 days after the end of the policy period, as required by NY law.
5. The New York Amendatory Endorsement replaces Subsection P., Representations, of Section VIII. With standard ISO language, bringing the provision into compliance w/ NY law.
6. Since this is an occurrence policy it is already in compliance with the statute the examiner charges us with violating. The law states that we cannot invalidate a claim because the insured failed to deliver any notice required within a prescribed time period if it was not reasonably possible to do so and notice was delivered as soon as reasonably possibly. Asking the insured to "Notify us as soon as practicable," in the event of a claim or an act which could lead to a claim, as we do in Subsection L. Of Section VIII is both standard and reasonable and we should ask to retain that clause.
7. Please find the attached New York Retroactive Date Endorsement. It was
8. Now that we are including the premises coverage, I assume I will have to draft an endorsement to indicate that and will find someone here to instruct me. I spoke with Michael Fiorito about justifying the Retroactive Date Coverage and he said he'd see what he could he could do, but didn't sound too confident.

I will be in a class for most of the day tomorrow, but will be back to check my e-mail at lunch and before and after work, so please leave any instructions for me so that we can work on mailing this out by Friday.

nymplretro.doc nyendorsement.doc

Seth

**Seifman; Seth** ...... --- - . ·..... ·-.

**From:** ·- Seifman,' Seth

. - - ........ -

**Sent:** Thursday, February 05, 1998 12:57 PM

**To:** . Cenit, Mark

**Subject:** RE: A & E / Day \_Spa

**Importance:** High

We've figured out how to amend the forms now that the Premises Coverage is being included. When you speak to Michael, ask him to send us the justification for the cost of the prior acts coverage and we should be set to go. I will be back later this afternoon.

Seth

-----Original Message-----

Fr !!'?·.. .. q Qi!, **fllar.k.** ... *\_,.;:,* , ,.,.

. ....,, :··-\_- --. --· .

**Sent:** Thursday, February 05, 1998 9:06 AM

**To:** Seifman, Seth

**Subject:** RE: A & E / Day Spa

The endorsements as presented are acceptable to me. I spoke to Michael late yesterday afternoon and I got the impression he could justify the P/A coverage. Let me know if you need help drafting the last endorsement, or anything else. Anything I can do to move this along I will, up to and including licking stamps.

**MAC**

-----Original Message-----

From: Seifman, Seth

Sent: Wednesday, February 04, 1998 5:19 PM

**To:** Cenit, Mark

**Subject:** RE: A & E / Day Spa

**Importance:** High

Mark,

I am attaching the endorsements for New York, along with information detailing how we will respond to each objection raised in the letter. Once I have your approval, I can start getting form #'s for these.

1. a. Since we are excluding acts of discrimination from coverage, the definition, need not be

changed. I obtained the examiner's verbal approval for this.

* 1. A Subsection containing ISO's guidelines for the rules and obligations related to the transfer of duties when the liability limit is exhausted has been added to Section VIII. (see New York Amendatory Endorsement).
  2. Exclusion C. has been amended as the examiner requested (see New York Amendatory Endorsement).
  3. The New York Amendatory Endorsement replaces Subsection E., of Section

VIII. With a provision stating that we can examine an insured's books and records up to 180 days after the end of the policy period, as required by NY law.

* 1. The New York Amendatory Endorsement replaces Subsection P., Representations, of Section VIII. With standard ISO language, bringing the provision into compliance **w/ NY** law.
  2. Since this is an occurrence policy it is already in compliance with the statute the examiner charges us with violating. The law states that we cannot invalidate a claim because the insured failed to deliver any notice required within a prescribed time period if it was not reasonably possible to do so and notice was delivered as soon as reasonably possibly. Asking the insured to "Notify us as soon as practicable," in the event of a claim or an act which could lead to a claim, as we do in Subsection L. Of Section VIII is both standard and reasonable and we should ask to retain that clause.

1. Please find the attached New York Retroactive Date Endorsement. It was
2. Now that we are including the premises coverage, I assume I will have to draft an endorsement to indicate that and will find someone here to instruct me. I spoke with Michael Fiorito about justifying the Retroactive Date Coverage and he said he'd see what he could he could do, but didn't sound too confident.

I will be in a class for most of the day tomorrow, but will be back to check my e-mail at lunch and before and after work, so please leave any instructions for me so that we can work on mailing this out by Friday.

« File: nymplretro.doc » « File: nyendorsement.doc »

Seth

,seifman, seth-, - --- -- - ---

**From:** "''" Seifman, Seth- . -

-- -- --'-'--

**Sent:** Thursday, February 05, 1998 4:34 PM

**To:** Fiorito, Michael

**Cc:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Coverage

**Importance:** High

**Categories:** A&E

Prior Acts

Attached are the revised rate pages for New York plus the revised Premises Liability and Prior Acts coverage Endorsements. Please send word of your approval.

1!J 1!J 1!J 1!J

AE-RULE-NY.doc OS-RULE-NY.doc PREMISE-NY.doc nymplretro.doc

Thanks,

Seth Seifman

-----Original Message----­

**From:··**< **-- F=:1or1to;':NUcnael**

**sent:··** ··yh-ursday,-February os:·1gga-r20PM

**To:** Seifman, Seth

**Subject:** FW: Aestheticians & Electrologists / Day Spa Professional Liability Coverage

Give me a call so we can talk about this! Thanks



Prior Acts

***Michael Fiorito***

***(212) 770*** - ***6762***

-----Original Message-----

fl·c,m:. - Cenit, **M fk** "llC .:, - *!s\_* -  

**Sent:** Thursday, February 05, 1998 3:09 PM

**To:** Fiorito, Michael

**Cc:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

If that is the best we can do, lets do it! Mark

-----Original Message-----

**From:** Fiorito, Michael

**Sent:** Thursday, February 05, 1998 3:01 PM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists/ Day Spa Professional Liability Prior Acts Coverage

We can support a factor of 1.35 Let me know what you think.

***Michael Fiorito***

***(212) 770* - *6762***

-----Original Message-----

**From: Cenit, Mark**

**Sent:** Thursday, February 05, 1998 2:25 PM

**To:** Fiorito, Michael

**Subject:** Aestheticians & Electrologists/ Day Spa Professional Liability Prior Acts Coverage

Michael,

I just wanted to follow up on our conversation of yesterday afternoon. Are you able to justify the Prior Acts? I think that is the last piece that Seth is waiting for to be able to file NY.

Thanks

**MAC**

**Seifman, Seth** · . : - ·· ·---·- \_ \_

-===--:=- --=-=-=:==---·

**FfOm: - $eifman, Seth** ------··---A·

**Sent:** Friday, February 06, 1998 11:00 AM

**To:** Cenit, Mark

**Subject:** RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage

**Importance:** High

**Categories:** A&E

Is there anything else you need to check on before I send out the NY A&E program? There are three endorsements:

* 1. New York Amendatory Endorsement
  2. New York Retroactive Date Endorsement
  3. New York Premises Liability Coverage Endorsement

All 3 have legal approval and I am waiting for form #'s which should arrive this afternoon.

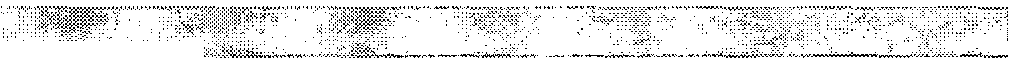
In addition, the rate pages for both the A&E and Day Spa programs have been changed to indicate that premises liability coverage is now included and that the cost of prior acts coverage is

1.35 times the premium. Any forms lists have also been amended to indicate which forms are NY specific.

If all this is satisfactory, we are ready to go as soon as I obtain the form numbers.

I have also gone through nearly all the A&E folders to make sure we aren't missing anything and will send you an updated status sheet soon.

Seth

**Seifniim,'.Seth** ... · ·;1!\*; ··i Pf'··-:::1v:···

**From:** Cenit, Mark · ·· · ·'·····-·····'-"-'- -·

**Sent:** Friday, February 06, 1998 11:25 AM

**To:** Seifman, Seth

**Subject:** RE: Aestheticians & Electrologists *I* Day Spa Professional Liability Prior Acts Coverage

**Categories:** A&E

I do not think so. It sounds like we are ready to go. I know you have been talking to the examiner for NY. Any guess on the turnaround time?

On another note I was talking to Adam today about the revised form. It is approved by legal and I expect by your department today. If we need to refile any states we should probably use the revised form.

Thanks for going through the files for me. I look forward to taking a crack on the other objections!

**MAC**

-----Original Message----- From: Seifman, Seth

**Sent:** Friday, February 06, 1998 11:00 AM To: Cenit, Mark

Subject: RE: Aestheticians & Electrologists / Day Spa Professional Liability Prior Acts Coverage Importance: High

Is there anything else you need to check on before I send out the NY A&E program? There are three endorsements:

1. New York Amendatory Endorsement
2. New York Retroactive Date Endorsement
3. New York Premises Liability Coverage Endorsement

All 3 have legal approval and I am waiting for form #'s which should arrive this afternoon.

In addition, the rate pages for both the A&E and Day Spa programs have been changed to indicate that premises liability coverage is now included and that the cost of prior acts coverage is 1.35 times the premium. Any forms lists have also been amended to indicate which forms are NY specific.

If all this is satisfactory, we are ready to go as soon as I obtain the form numbers.

I have also gone through nearly all the A&E folders to make sure we aren't missing anything and will send you an updated status sheet soon.

Seth

01/23/98 FRI 15:29 FAX 212 785 8920 STATE RELATIONS 141001

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

\*\*\* TX REPORT \*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

TRANSMISSION OK

TX/RX NO CONNECTION TEL SUBADDRESS

2453

94800462

CONNECTION ID A I G

ST. TIME 01/23 15:26

USAGE T 03'35

PGS. 7

RESULT OK

**facsimile** transmittal ·

**American International Group**

State Filings Department 160 Water Street, 23rd Floor New York, NY 10038

|  |  |  |  |
| --- | --- | --- | --- |
| **To:** Michael Fiorito |  | **Fax;** | 480-0462 |
| **From:** Seth Seifman |  | **Dat8:** | 01/23/98 |

**R.e:** NY A&E Objection  **Pages:** 7 (including cover)

**CC:**

D **Urgent** D **For Review** D **Please Comment** D **Please Reply** D **Please Recycle**

. •

I've attached the objection letter andtherate and rule pages as you requested. Please let

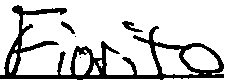
me know if there is anything else I can do.

Thanks,

Seth

**AMERICAN INTERNATIONAL GROUP**

**FACSIMILE TRANSMITTAL SHEET**

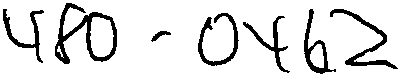


FROM:

COMPANY: DATE:

*1/23(<;-P*

FAX NUMBER: TOTAL NO. OF PAGES INCLUDING COVER:



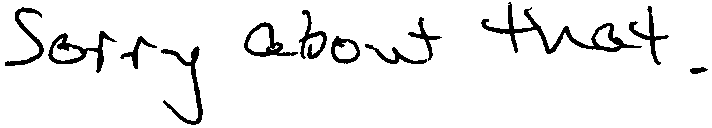
?

PHONE NUMBER: SENDER'S REFERENCE NUMBER:

RE: YOUR REFERENCE NUMBER:

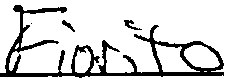
**0** URGENT **O** FOR REVIEW **O** PLEASE COMMENT **O** PLEASE REPLY **0** PLEASE RECYCLE

NOTES/COMMENTS:



160 WATER STREET NEW YORK, NEW YORK 10038

**AMERICAN INTERNATIONAL GROUP**



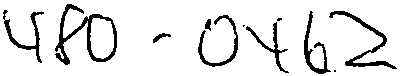
**FACSIMILE TRANSMITTAL SHEET**

FROM:

COMPANY: DATE:

*1/23(f-P*

FAX NUMBER: TOTAL NO. OF PAGES INCLUDING COVER:



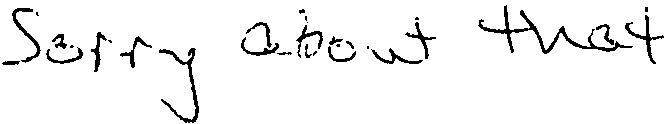
?

PHONE NUMBER: SENDER'S REFERENCE NUMBER:

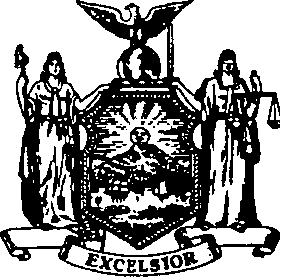
RE: YOUR REFERENCE NUMBER:

**0** URGENT **O** FOR REVIEW **0** PLEASE COMMENT **O** PLEASE REPLY **0** PLEASE RECYCLE

NOTES/COMMENTS:



160 WATER STREET NEW YORK, NEW YORK 10038



STATE OF NEW YORK INSURANCE DEPARTMENT 25 BEAVER STREET

NEW YORK, NEW YORK 10004-2319

Sylvia Meneses Senior Law Clerk

State Filings Department

New Hampshire Insurance Company 70 Pine Street

New York, New York 10270

October 1, 1997

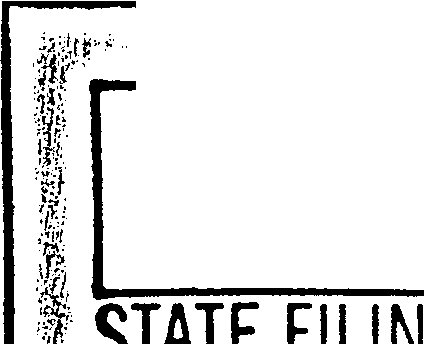
Dear Ms. Meneses,

Re: Professional Liability Program Forms, Rates and Rules

Company File No. AIC-97-PR-11 Department File No. R97004720

RECEI\,

• **91997**



This refers tc your letter of September 19, 1997 wherein you submitteqlt.w iW tne:..:G S: J Department for our review. Based on our review, we have the following comments and/or

questions.

1. With reference to policy form 68318 7/97:
   1. The definition of discrimination must be amended to comply with the provisions of Department Circular Letter No. 6 (1994).
   2. With reference to Section III of the form, we note the company's duty to defend ends after the applicable limit of liability has been used up in the payments of judgment or settlements. Please amend this section by incorporating a provision which contains the rules and obligations related to transfer of duties when the liability limit is exhausted. Language acceptable to this Department is enclosed for your convenience. Please note that language similar to the enclosed language is also contained in ISO form CG 26 21 10/91 which was approved effective October 1, 1991.
   3. Exclusion C must be amended wherein there is never any coverage for any dishonest, fraudulent, criminal or malicious act, error or omission.
   4. Section VIII.E must be amended to comply with Section 161.10 (a) of Department Regulation 129.
   5. Section VIII.P must be amended wherein the only way the policy can be voided is pursuant to Section 3105 of the New York Insurance Law.

f.. It must be amended to comply with Section 3420 (a) (4) of the New York Insurance Law.

1. Endorsement 68324 7/97 provides prior acts for an occurrence policy, which is permissible only under the following conditions:
   1. The prior acts coverage is to be provided only to an insured switching from a claims­ made policy and is not available to an insured with an uninsured prior acts exposure.
   2. There can be no coverage for known claims.
   3. The prior acts coverage once purchased, must survive the termination of the policy, i.e., any act is treated as if it took place while the policy was in place.

Accordingly, the endorsement must be amended to include the aforementioned conditions.

1. Please provide us with actuarial justification for the optional charges in the aestheticians and electrologists program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the cost for the optional coverage for the day spa program.

1. Please provide us with actuarial justification for the minimum premium for the day spa program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the minimum premium ( if any ), in the aestheticians and electrologists program.

In the meantime, the filing is disapproved and may not be used in New York.

Very truly yours,

*j--;....,,G s* /

Fred Sharpe

Senior Insurance Examiner Property and Casualty Bureau

01/23/98 FRI 17:36 FAX 212 785 8920 STATE RELATIONS

-

14)001

\*\*\* TX REPORT \*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

TRANSMISSION OK

TX/RX NO CONNECTION SUBADDRESS CONNECTION ST. TIME USAGE T PGS. RESULT

2454

TEL

94800462

ID

A I G 01/23 17:34

02'02

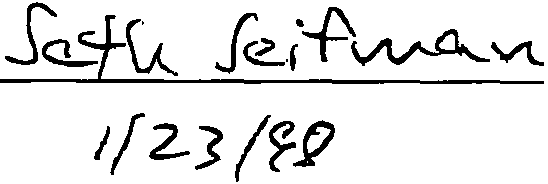
3

OK

**AMERICAN INTERNATIONAL GROUP**

.................

**FACSIMlLE TRANSMITTAL SHEET**

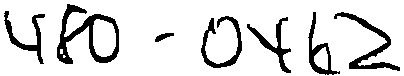


COMPANY:

DATE:

FROM:

FAX NUMBER: TOTAL NO. OF PAGES INCLUDING COVER:

 ?

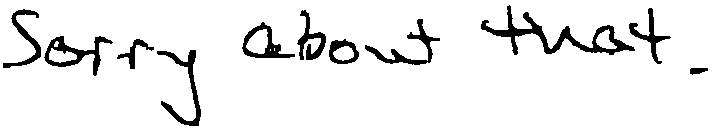
T'HONF. NUMBER: SENDER'S REFERENCE NUMBER:

Re: YOUR REFERENCE NUMBER:

=======-·.=:===============..........--========

0 UJ:lGF.NT **O** FOR REVIEW **O** PLEASE COMMf.NT O PLEASE REPLY **0** PLEASE RECYCLE

NOTES/COMMEN'J'S:



$eifmari, Seth  

Fraint ··-·· ·r=ictnfo, Michae.l

**Sent:** Friday, January 23, 1998 1:34 PM To: Seifman, Seth

**Subject:** NY A&E / Day Spa

Please fax us the entire objection letter from the New York DOI and also a copy of the rate & rule pages (should be A&E and Day Spa separate pages) that were sent to the New York DOI with the filing.

Thank you.

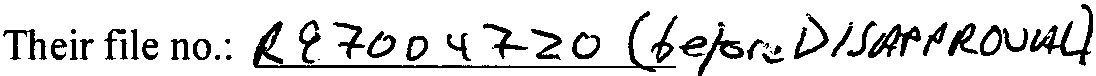
***Michael Fiorito***

***(212) 770*** - ***6762***

**STATE FILINGS DEPARTMENT**

FILING FOLLOW UP (By Phone Calls)

Program: */b:b* Date Filed: *- <:t/(\_Y -9\_7= \_*

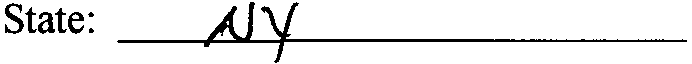


Profit Center Contact: <LGv11r [A...{S:-c>

Our File No.: M:lC, *'l* 7 - *(/J/! Iii I(*

Examiner: */C..t*et.. *Jk-r-,*o?..

'

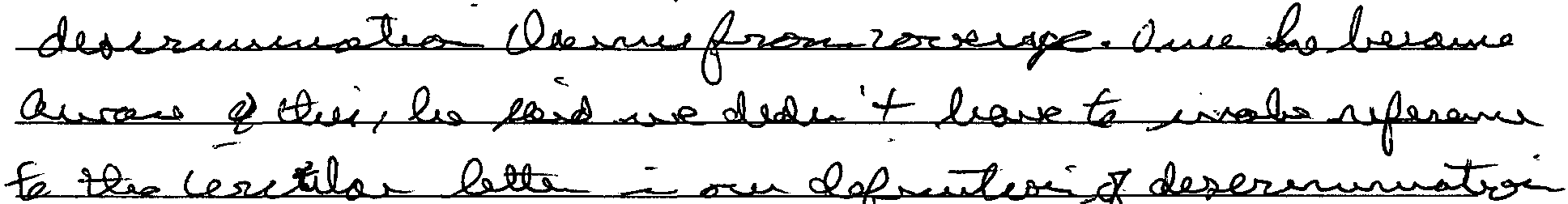


Phone #: \.\f:Q- *!TTr*

Approved, effective as of \_ Disapproved (reference reason below) Not yet reviewed, target date \_ Objections outstanding (listed below)

**Notes/Status/Additional Information Required/Action Plan:**

***]:ts, f2l '416U,V•"'-* d;] k-** £***7 a;,*** *'!* I **a--z:e. 4** )€ ***2\0* wL *j***



*ti* ...A *d&,o* « *ld* 9 *(b* 4ci,

<"

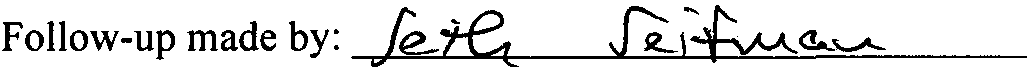
*6 dl bolx* L-,&$,A &,,l • V.,.. *& :::t& h* &c1 )

' *l* •

*\_Q.,* 4PiL&---' (b{C;rr>h'62p *d a,f:l*

:t::=- =: "

*·*·-;;.::.t::: ::

f..&G-

Date: , ***FJ!l (: I?***

**American International Group**

State Filings Department 160 Water Street, 23rd Floor New York, NY 10038



|  |  |  |  |
| --- | --- | --- | --- |
| **To:** | Michael Fiorito | **Fax:** | 480-0462 |
| **From:** | Seth Seifman | **Date:** | 01/19/98 |
| **Re:** | NY A&E Questions | **Pages:** | 2 (including cover) |
| **CC:** |  |  |  |
| D **Urgent** D **For Review** | | D **Please Comment** | D **Please Reply** D **Please Recycle** |

• •

Numbers 3 and4 pertain to actuarial matters. You can respond via fax at 820-4670 or e-

0

,1

maiL Plec1 feel free to call me at 820-4656 withany questions or concerns.

Thanks very mucti,



## . . . . . . . . . . . . . . . . . . . . . . .

e. Section VIII.P must be amended wherein the only way the policy can be voided is pursuant to Section 3105 of the New York Insurance Law.

f.. It must be amended to comply with Section 3420 (a) (4) of the New York Insurance Law.

1. Endorsement 68324 7/97 provides prior acts for an occurrence policy, which is permissible only under the following conditions:
   1. The prior acts coverage is to be provided only to an insured switching from a claims­ made policy and is not available to an insured with an uninsured prior acts exposure.
   2. There can be no coverage for known claims.
   3. The prior acts coverage once purchased, must survive the termination of the policy, i.e., any act is treated as if it took place while the policy was in place.

Accordingly, the endorsement must be amended to include the aforementioned conditions.

1. Please provide us with actuarial justification for the optional charges in the aestheticians and electrologists program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the cost for the optional coverage for the day spa program.

1. Please provide us with actuarial justification for the minimum premium for the day spa program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the minimum premium ( if any ), in the aestheticians and electrologists program.

In the meantime, the filing is disapproved and may not be used in New York.

Very truly yours,

*1- S1*

Fred Sharpe

Senior Insurance Examiner Property and Casualty Bureau

01/19/98 MON 17:02 FAX 212 785 8920 STATE RELATIONS @001

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

\*\*\* TX REPORT \*\*\*

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*

TRANSMISSION OK

TX/RX NO CONNECTION TEL SUBADDRESS

2424

94800462

CONNECTION ID ST. TIME USAGE T

PGS. RESULT

A I G 01/19 17:01

01'28

2

OK

:, , , .. ...::···:····..··;·;·;·:,·::·::;: ..··· , I', 1 ' :" ' , •:

1

facsimile transmitta;l

**American International Group**

State Filings Department 160 Water Street, 23rd Floor New York, NY 10038

**To:** Michael Fiorito **Fax:** 480-0462

**From:** Seth Seifinan **Date:** 01/19/98

**Re:** NY A&E Questions **Pages:** 2 (including cover)

**CC:**

D **Urgent** D **For Re\riew** D Please Comment D **Please Reply** D Please Recycle

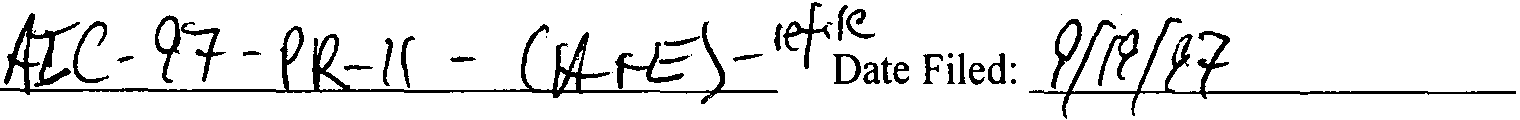
• •

. : **Numbers 3** and 4 pertain to actuarial matters. You can respond via fax at 820-4670 or e-

niaH; Please feelfree to call me at 820-4656 with any questions or concerns.

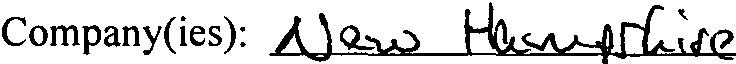
. . Thanks very much,

:seth Seifman

Program:

**STATE FILINGS DEPARTMENT**

FILING FOLLOW UP (By Phone Calls)



Profit Center Contact: C\,< As *C* a-r-'=o·& State: --- - +-------

OurFileNo.: 4\C -97::f -l( Their file no.: *£. fOO '1* r2-0

*( ,*/ *wl);,.J*

**diJ-4.,6/J** *VD* eci)

Examiner: f&ro*l' <Z.....*

Phone#: 'ff{) · **J**·-'=----

Approved, effective as of \_ Disapproved (reference reason below) Not yet reviewed, target date \_ Objections outstanding (listed below)

• ,

-

.

**Notes/Status/Additional Information Required/ Action Plan:**

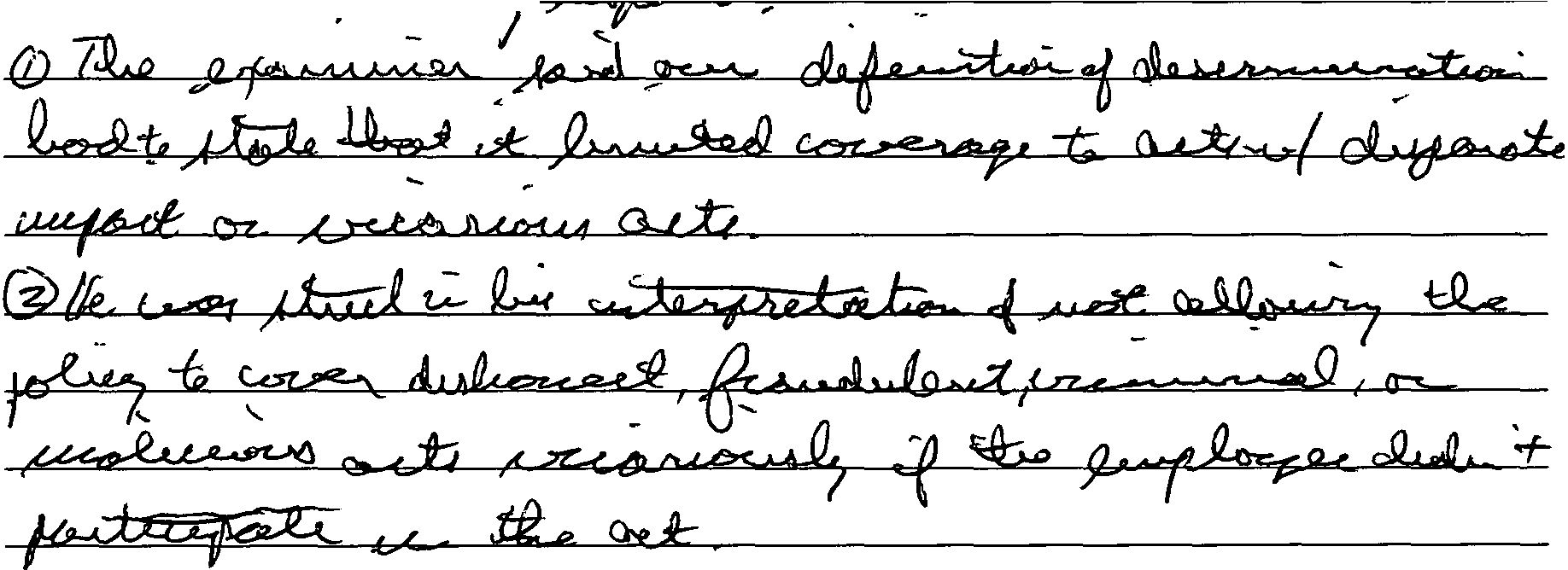
***i Q A*** • &· •***j* --d);a** *I* J) · ,,..\_ • ..

**1-,**

'( • **bfeti *Qi" (Q/9*** • **'fy** "

*I (* **V *i* 4o V**

4C , • .,... Ceh:'-,llA */N>jR'l f)i J.O"'I*



Follow-up made by: --+J;-=o:;'-'-Ht,--'<-'-\_..., . =/\_.\_f=\AA.=G.ia vcr----- Date:-

*(/ ltJ/9p*. ---

**Interoffice Memo**

**Date: To: From: RE:**

1/14/98

Seth Seifman Danielle Cortina

New York Objection - A&E Professional Liability Program

I have reviewed the letter from the New York Insurance Dept. and I offer the following responses:

1. We will need further clarification as to the examiner's objection in 1.a. We compared our definition of discrimination with the circular letter, but it is unclear as to why we are not in compliance. We intentionally keep our definition of discrimination vague and limit it to a listing of types of discrimination. Also, note that the policy excludes discrimination because it is an intentional action that by law can not be covered.
2. I am attaching an amendatory endorsement, which addresses the dept. objections in 1.b., d. and e. We are adding the ISO condition regarding transfer of duties (which the dept. sent to us); amending the representation condition (I replaced it with standard ISO language which is in compliance with NY law); and also changing our audit period in Condition E. from 3 years to 180 days as required by 161 .1O(a).
3. With respect to objection 1.c., I think the exclusion is fine and is actually an attractive coverage for the Insured. We do not provide coverage for any dishonest or criminal acts. The second sentence of exclusion C. provides vicarious liability coverage for the Named Insured or employer for whom a claim is made or suit is brought against, only if the Named Insured or employer had no participation in or knowledge of the additional insured or employee's dishonest or criminal act.
4. I am unclear as to what is the specific objection in 1.f. According to the examiner, we are not in compliance with §3420(a), which states that we must offer a provision that "failure to give any notice required to be given by such policy within the time prescribed therein shall not invalidate any claim

1

made by the insured or by any other claimant if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and 'that notice was given as soon as was reasonably possible". I do not see how this is an issue if this is an occurrence policy. The Insured or claimant is not confined to the policy period or other time frame and can give notice of claim at any time. We do not require that a claim be made during the policy period, only that the wrongful act occurs during the policy period. Our Duties in the Event of... provision states that the Insured must notify us and send us written notice of a claim as soon as practicable. This is provision is

standard and completely reasonable.

1. Finally, please refer to the attached New York Retroactive Date endorsement. I added the prior acts conditions mentioned in objection 2.

I hope I have been of assistance to you in answering these objections. If you have any further questions or comments I would be happy to discuss them with you. Thank you for your patience.

Regards, Danielle

Attachments

2

*tfDA O\(oC\2*

*5*



INSource Insurance - October, 1997 New York

Miscellaneous Regulatory Material INSURANCE DEPARTMENT CIRCULAR LETTERS

Circular Letter 1994-6 Insurance coverage based upon disparate impact and vicarious

for discrimination claims

New York Miscellaneous Regulatory Material INSURANCE DEPARTMENT CIRCULAR LETTERS

Cross Reference citation indexing has been translated to conform to the 1984 recodification of the New York Insurance Laws. Textual citations may refer to prior law.

Circular Letter 1994-6 Insurance coverage for discrimination claims based

upon disparate impact and vicarious

May 31, 1994

The Property & Casualty Insurance Bureau, in conjunction with the Office of General Counsel, has conducted a comprehensive analysis concerning the permissibility of coverage for acts of discrimination under liability insurance policies. Based on this analysis, the Department has concluded that liability coverage for acts of discrimination, when based solely on either disparate impact (as opposed to disparat treatment) or vicarious liability, would not be against public policy and therefore should be permitted.

Liability insurance coverage for intentional wrongs is, and has always been, prohibited on two related grounds: first, purposeful misconduct lacks the element of "fortuity" generally required of insurance contracts; and, second, indemnification of wrongful conduct that is intentional (and hence in theory may be deterred) is against public policy. In fact, court decisions suggest that the question of whether coverage is permissible or not turns most centrally upon the relationship between the wrongdoer's act and the resultant harm: if that relationship may be said to be sufficiently fortuitous, rather than intended, coverage is permitted. In other cases -- such as sexual battery against children -- where harm is so direct and inescapable a result of the act that no fortuity can reasonably or objectively be said to exist, coverage is impermissible.

Discrimination based upon disparate treatment is an intentional wrong whose resultant harm flows directly from the acts committed, and liability coverage for it is impermissible. The Department's longstanding prohibition against coverage for discrimination claims generally originated at a time, some thirty years ago, when virtually all discrimi.nation claims were of this type.

In recent years, however, actions and recoveries under the various and evolving civil rights laws have increasingly been rooted in discrimination claims based upon disparate impact, rather than disparate treatment. In such cases, the discriminatory result does not directly proceed from specific discriminatory acts against individuals; in fact, such acts are not an element of the wrong and need play no part in the facts alleged. Rather, such suits are normally grounded upon statistical or other numerical profiles that reflect disparities between or among groups sufficient to support a finding of discrimination.

The basis for allowing employers coverage in actions alleging vicarious liability arising from the discriminatory acts of their employees is identical -- i.e., the lack of intentional conduct on the employer's part. An employer may be held vicariously liable for the discriminatory act of an employee even though it: (1) played no active

role in the corrunission of the act; (2) did nothing whatever to aid or encourage its corrunission; and (3) may have done all that it possibly could to prevent it. In all situations except those involving discrimination, the Department permits coverage for claims of vicarious liability regardless of whether the underlying wrong is intentional or not. Therefore, this determination merely conforms the Department's treatment of discrimination with its treatment of all other kinds of vicarious liability claims.

\

Moreover, the Insurance Department concludes that the strong public policy against discrimination of any kind is, in fact, furthered by permitting coverage of the kinds described. By bringing to employers' attention practices that can potentially result in unlawful discrimination, insurers' loss prevention programs and underwriting standards should discourage such practices. Any employer who does not diligently attempt to modify employment procedures accordingly may well be denied insurance coverage. When unlawful acts of discrimination occur nonetheless, coverage will help ensure just compensation for victims.

'

Finally, it should be noted that, in conformity with court decisions on the subject, it remains against public policy to provide insurance coverage for punitive damages.

In light of this Circular Letter, insurers may make appropriate form filings.

Salvatore R. Curiale Superintendent of Insurance

DATE NEW 1994

|  |  |  |
| --- | --- | --- |
| SUBJECT CATEGORY | 120 | - Casualty and liability insurance/ insurers |
|  | 360 | - Filing and reporting requirements |
|  | 700 | -'Trade practices |

INDEX

L1ability insurance and Discrimination and Employment

Employers liability and Discrimination and Regulatory interpretation Punitive damages and Liability insurance and Prohibitions

Filing requirements and Liability insurance and Discrimination

INFORMATION TYPE TEXT

DOCUMENT ID NY MISC BC Circular Letter 1994-6

../ ..

,..

·•' . , .....,,,.

I .

.• *:·* •;. . *:* '. '\ .. . .·. i...*:.* ··.·

·-' •• : , .\_·.,. •• *::.* :. ..- . .. .:.•••4•••• :.\_· •• l:

. .

,.,'\\_ • *I*

..,;·. *t*;*;*.

*:* ' ............:."..·· ....>· .

*( .*

( ·.

**RATES, RATING ORGANIZATIONS** § **161.10**

1. Such provisions do not preclude use of filed and approved rating classifications that provide for application of specific, pre-established

\_debits or credits given the presence or absence of a specific risk man­ agement, loss control, or cost control procedure or device. (For exam­ ple, a rating classification could provide that a specific credit be applied to all risks with installed smoke alarms or fire extinguishers.)

1. If neither \_the application of a credit (or debit), nor its amount, is discretionary, such credit (or debit) can be applied through an approved rating classification, rather than a schedule or 1RPM rating plan within the meaning of this section, and thus would not require a premium credibility threshold nor be subject to the other provisions governing rating plans set forth in this section.
2. The provisions of this section supersede any inconsistent provi­ sions of Part 160 in connection with commercial risk, professional liabil­ ity or public entity insurance policies.

Stat. Authority.-Insurance Law, \*\*201, 301, 2344 and Article 23.

History.-Sec. filed Nov. 7, 1986 eff. Nov. 28, 1986; amd. filed Sept. 12, 1989 eff. Oct. 3,

1!)89.

Parallel Citation.-Regulation 129.

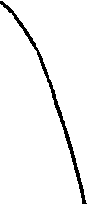
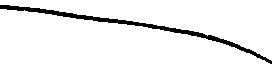
§ 161.9 Insurers under common control

In the event an expiring policy is renewed with another insurer under common control, as defined in section 107(a)(l6) of the Insurance Law, both expiring and renewing insurers under common control shall main­ tain records, subject to the department's examination, documenting the specific underwriting criteria or other valid business reasons for shift­ ing the policy.

Stat. Authority.-Insurance Law, §§ 201, 301, 2344 and Article 23.

History.-Sec. filed Sept. 12, 1989 eff. Oct. 3, 1989.

Parallel Citation.-Regulation 129.



§ 161.10 Policies subject to audit

(a) An audit to determine final premium for policies under which the initial premium is based on an estimate of the insured's exposure base shall be corn;iucted within one hundred-eighty (180) days after expira­ tion of such policy, and may not be waived except in the following circumstances:

1459

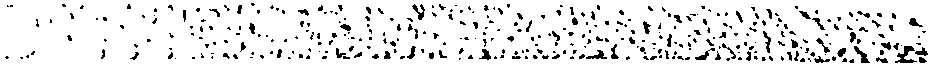
Revised, 1996-3 © 1996, NILS Publishing Company

6,196

..

:,·' •,

,,...\_....

.., · . J*l*.

*{..* .,.

*•I*"··· ''

. *:* '............7"'•.•.'\.. - . ·:.-.·/ . .·: ...:..

§ **161.11 NEW YORK REGULATIONS**

* 1. The total annual premium attributable to the auditable exposure base is not reasonably expected to exceed $1500;
  2. The policy requites notification to the insurer with the specific identification of any additional exposure units for which coverage is requested (i.e., motor vehicles); or
  3. The policy is a commercial umbrella for which the rate or pre­ mium is determined by the application of a factor to the rate .or pre-. mium of an auditable underlying policy. · ·

1. The insurer shall, as soon as practicable following such audit, refund or credit the insured's account for any return premium due the insured, or bill and make a good faith effort to collect any additional premium due the company, as a result of the audit.
2. If an insured fails to cooperate with the insurer in its attempt to conduct such audit, including failure to return any questionnaires or self-audit worksheets, the insurer shall nonrene.w such insured upon completion of the current policy period, in accordance with the provi­ sions of section 3426 of the Insurance Law, due to the insurer's inability to establish a proper premium for such insured.

Stat. Authority.-Insurance Law, §§ 201, 301, 2344 and Article 23.

History.-Sec. filed Sept. 12, 1989 eff. Oct. 3, 1989, amd. filed Feb. 21, 1996, eff. Mar. 13,

1996.

*c·-*

· ·.

(

..

Parallel Citation.-Regulation 129.

§ **161.11 Flex-rating submissions**

* 1. Under the flex-rating system, insurers must supply adequate sup­ port for all rate changes, whether or not prior approval is required, including class and territorial changes and effects. Although meeting competition is an important motivating factor in rate cbanges, the dimensions of all such changes must be justified. In the event that a rate change beyond the applicable flex-band is sufficiently justified by an insurer, prior approval will be granted. If the need for rate relief can be demonstrated, a rate filing should be made.
  2. All flex-rating changes must be statistically or judgmentally sup­ ported. Wherever possible, the insurer or rate service organization shall provide statistical support for the rate change, including incurred losses and loss adjustment expense data, on reported and unreported and outstanding and paid categories. When data are not available, or volume

1460

Revised, 1996-3 © 1996, NILS Publishing Company

619G

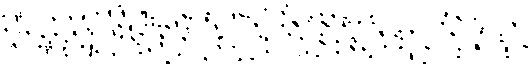
.. .. " :-- . ''. '· . '

( ....

.



' .



,,'\_·'·

:\ I

*::* ... '

.. - *:,..* .. .:..,:....= :::··- - -..: .:.,\.;:. ...;:\_·\_.....;.-' .\_.·...,;/,..,

...·.·>...:.....·.·\_... \_-'·-.·. ! .. \_,··•-..-•-·.-\_-

**INSURANCE CONTRACTS** - **GENERAL** § **3105**

* 1. In any action to recover under the provisions of any policy of insurance or contract of annuity delivered or issued for delivery in this state which the superintendent is authorized by this chapter to approve if in his opinion its provisions are more favorable to policyholders, the court shall enforc-e such policy or contract as if its provisions were the same as those specified in this chapter unless the court finds that its actual provisions were more favorable to policyholders at the date when the policy or contract was issued.

History.-L. 1984, c. 367, § 1.

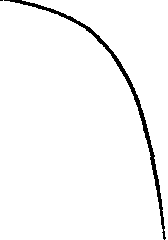
§ 3104. Contract provisions required by laws of other jurisdictions

"'

1. Any foreign or alien insurer authorized to do business in this state may, with the approval of the superintendent, include in any life, acci­ dent and health insurance policy or contract of annuity delivered or issued for delivery in this state any provisions required by the laws of the jurisdiction in which such insurer is domiciled if such provisions are

. i not substantially in conflict with the laws of this state.

1. Any domestic insurer may include in any policy of insurance or contract of annuity issued for delivery in another jurisdiction and gov­ erned by the laws thereof, any provision required by the laws of such other jurisdiction applicable to such policy or contract.

History.-L. 1984, c. 367!..\_U,------··---- - .. ····,----------



§ 3105. Representations by the insured

1. A representation is a statement as to past or present fact, made to the insurer by, or by the authority of, the applicant for insurance or the prospective insured, at or before the making of the insurance contract as an inducement to the making thereof. A misrepresentation is a false representation, and the facts misrepresented are those facts which make the representation false. ·



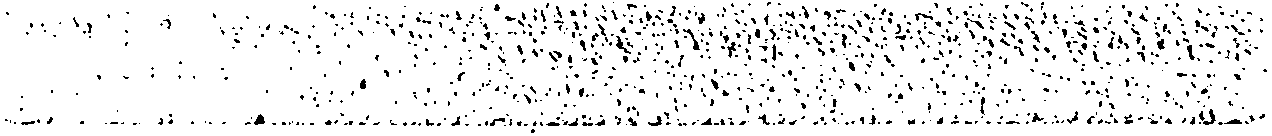
1. No misrepresentation shall avoid any contract of insurance or defeat recovery thereunder unless such misrepresentation was mate­ rial. No misrepresentation shall be deemed material unless knowledge by the insurer of the facts misrepresented would have led to a refusal by the insurer to make such contract.

~~387~~

© 1995, NILS Publishing Company

lr,'95

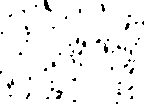
l-''l:.



,

; ... ,.

.-,,*,*.*:*-

§ 3106 **NEW YORK INSURANCE LAWS**

(

.

1. In determining the question of materiality, evidence of the prac­ . .

tice of the insurer which made such contract with respect to the accep­ tance or rejection of similar risks shall be admissible.

1. A misrepresentation that an applicant for life or accident and health insurance has not had previous medical treatment, consultation or observation, or has not had previous treatment or care in a hospital or other like institution, shall be deemed, for the purpose of determin­ ing its materiality, a misrepresentation that the applicant has not had the disease, ailment or other medical impairment for which such treat­ ment or care was given or which was discovered by any licensed medical practitioner as a result of such·consultation or observation. If in any action to rescind any such contract or to recover thereon, any such misrepresentation is proved by the insurer, and the insured or any other person having or claiming a right under.,such contract shall pre­ vent full disclosure and proof of the nature of such medical impairment, such misrepresentation shall be presumed to have been material.

**History.-L.** 1984, c. 367, § **1.**

§ 3106. Warranty defined; effect of breach

1. In this sectio.n ''warranty'' means any provision of an insurance contract which has the effect of requiring, as a condition precedent of the taking effect of such contract or as a condition precedent of the insurer's liability thereunder, the existence of a fact which tends to diminish, or the non-existence of a fact which tends to increase, the risk of the occurrence of any loss, damage, or injury within the coverage of the contract. The term "occurrence of loss, damage, or injury'' includes the occurrence of death, disability, injury,. or any other contingency insured against, and the term "risk" includes both physical and moral hazards.
2. A breach of warranty shall not avoid an insurance contract or defeat recovery thereunder unless such breach materially increases the risk of loss, damage or injury within the coverage of the contract. If the insurance contract specified two or more distinct Idnds of loss, damage

or injury which are within its coverage, a breach of warranty shall not avoid such contract or defeat recovery thereunder with respect to any kind or kinds of loss, damage or injury other\_.than the kind or kinds to which such warranty relates and the risk of which is materially in­ creased by the breach of such warranty.

1. This section shall not affect the express or implied warranties

388

© 1995, NILS Publishing Company

&'95

.·...·

.. , . . . .. . '

I· . • • • \: .....'.... . . .·' '.• ',.*: ..* ;··:· ,·'·:·,·, ••'-. '.·•• ' •.·

........\ ... ·.\ 1,....= ...·1'·'.:,· ''

.. . .. .

:. ' '

., .;

.

*·.:·'*

.·,. ··-

, --··..-.

':...:..:. -- · - *.:.:*··- '. ,·./.....·. .... ; .. , - .. *'..,..L,*

**CONTRACTS** - **PROPERTY AND CASUALTY** § **3420**

an authorized insurer as defined in section one hundred seven of this chapter or a trust company or other corporation organized under the laws of this state all the capital stock of which is owned by at least twenty savings banks or by at least twenty savings and loan associa­ tions or a subsidiary· corporation all of the capital stock of which is owned by such trust company or other corporation or a corporation the shares of which are listed on a national securities exchange or regularly quoted in over-the-counter market by one or more members of a na­ tional or affiliated securities association) the names and addresses of all officers, directors and persons having an interest in more than ten percent of the issued and outstanding stock of the corporation.

(j) For the purposes of section 176.05 of the penal law, a supplemental claim form shall be considered to be a part..-Of a claim for payment or benefit pursuant to an insurance policy and the information required in such form shall be considered to be material thereto.

History.-L.1986, c. 778, § 1.

\**AB* in original. Probably should read "caused".

§ 3420. Liability insurance; standard provisions; right of injured person

1. No policy or contract insuring against liability for injury to per­ son, except as stated in subsection (g) hereof, or against liability for injury to, or destruction of, property shall be issued or delivered in this state, unless it contains in substance the following provisions or provi­ sions which are equally or more favorable to the insured and to judg­ ment creditors so far as such provisions relate to judgment creditors:

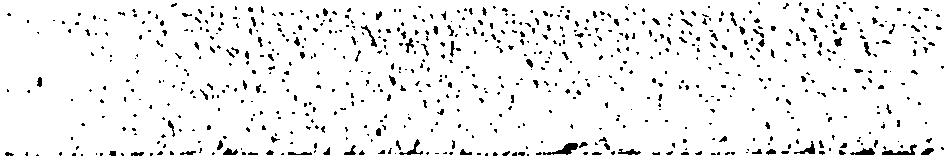
j

* 1. A provision that the insolvency or bankruptcy of the person in­ sured, or the insolvency of his estate, shall not release the insurer from the payment of damages for injury sustained or loss occasioned during the life of and within the coverage of such policy or contract'.
  2. A provision that in case judgment against the insured or his personal representative in an action brought to recover damages for injury sustained or loss or damage occasioned c:luritlg the life of the policy or contract shall remain unsatisfied at the expiration of thirty days from the serving of notice of entry of judgment upon the attorney for the insured, or upon the insured, and upon the insurer, then an action may, except during a stay or limited stay of execution against the insured on such judgment, be maintained against the insurer under the terms of the policy or contract for the amount of such judgment not

557

© 1995, NILS Publishing Company

&'95



t\ r ,

I\.,.

·1 ·:·

'.

·/.'"'··

.·''; \_;;·

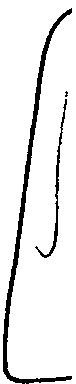
§ 3420 **NEW YORK INSURANCE LAWS** -.

(

exceeding the amount of the applicable limit of coverage under such

policy or contract. . -

* + - * 1. A provision that notice given by or on behalf of the insured,. or written notice by or on behalf of the injured person or any other claimant, to any licensed agent ofthe insurer in this state, with particu­ lars sufficient to identify the insured, shall be deemed notice to the

r.

* + - * 1. A provision that failure to give any notice required to be given by such policy within the time prescribed therein shall not invalidate any claim made by the insured or by any other claimant if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible. \_.



1. Subject to the limitations and conditions of paragraph two of subsection (a) hereof, an action may be maintained by the following persons against the insurer upon any policy or contract of liability insurance which is governed by such paragraph, to recover the amount

of a judgment against the insured or his personal representative:

C'.

* 1. any person who, or the personal representative of any person who, has obtained a judgment against the insured or his personal representa­ tive, for damages for injury sustained or loss or damage occasioned during the life of the policy or contract;
  2. any person who, or the personal representative of any person who, has obtained a judgment against the insured or his personal representa­ tive to enforce a right of contribution or indemnity, or any person subrogated to the judgment creditor's rights under such judgment; and
  3. any assignee of judgment obtained as specified in paragraph one or paragraph two of this subsection, subject further to the limitation contained in section 13-103 of the general obligations law.

1. If an action is maintained against an insurer under the provisions of paragraph two of subsection (a) of this section and the insurer alleges in defense that the insured failed or refused to cooperate with the

insurer in violation of any provision in the policy or contract requiring such cooperation, the burden shall be upciri the insurer -to-prove such --

alleged failure or refusal to cooperate. · .. - ---- - ·

1. If under a liability policy delivered or issued for delivery in this

-•·

.<

·-;,

state, an insurer shall disclaim liability or deny coverage for death or - bodily injury arising out of a motor vehicle accident or any other type of ( ·

\"·

558

© 1995, NILS Publishing Company

lW5

COMMERCIAL GENERAL LIABILITY

**THIS ENDORSEMENT CHANGES** THE **POLICY. PLEASE READ IT CAREFULLY.**

**NEW YORK CHANGES** - **TRANSFER OF DUTIES WHEN A LIMIT OF INSURANCE IS USED UP**

This endorsement modifies insurance provided under the following: COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following Condition is added to COMMER­ CIAL GENERAL LIABILITY CONDITIONS (Section IV

Transfer of Duties When a Limit of lnsurpnce

**Is Used Up.** .Jb,l.- *{''ir.C.,.-n..*{ *Ire-*

* 1. If we conclude that. based ono cat t **ef,eas."** *1*

**-effer:i;as,** ,claims or "suits" which have been reported to us and to which this insurance

\C...· may apply, the:

""·.. **(1)** General Aggregate Limit (other than the

*,(\_f.,* . Products/Completed Operations Aggre-

We agree to take such steps, as we deem appropriate, to avoid a default in, or contrnue the defense of, such "suits"

until such transfer is completed, provided the appropriate insured is cooperating *in* completing such transfer.

We will take no action whatsoever with respect to any claim or "suit" seeking damages that would have been subject to that limit, had it not been used up, if the claim or "suit" is reported to us after that limit of insurance has been used up.

*lj*i *-)* gate Limit);

(3) The first Named Insured, and any other

r J,.

(2) Produ;t /Completed Operations Aggre- gate L1m1t;

insured involved in a "suit" seeking dam­

ages subject to that limit, must arrange

*Jr",\"•* **(3)** Personal and Advertising Injury Limit;

*t. 1* ...../ { *.*

*i:? .'J* **{4)** Each Occurrence Limit; or

*j (* **(5)** Fire Damage Limit .·· .

*rf'* s likely to be used up in the payment of

* iudgments or settlements, we will notif*v* the

first Named Insured. in writing, to that effect

* 1. When a limit of insurance described in par­ agraph a. above has actually been used up in the payment of judgments or settlements:
     1. We will notify the *first* Named Insured,

*in* writing. as soon as practicable, that

* + - 1. Such a limit has actually been used up; and
      2. Our duty to defend "suits" seeking damages subject to that limit has also ended.

**(2} We** will initiate, and cooperate in. the transfer of control, to any appropriate insured, of all claims and "suits' seeking damages which are subject to that limit and which are reported to us before that limit is used up. That insured must co­ operate in the transfer of control of said claims and "suits".

for the defense of such "suit" within such time period as agreed to between the appropriate insurea and us. Absent any such agreement, arrangements for the defense of such "suit" must **be made as** soon as practicable.

* 1. The first Named Insured will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with paragraph **b.(2}** above.

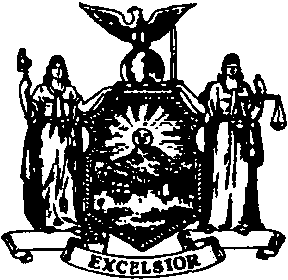
The duty of the first Named Insured to re­ imburse us will begin on:

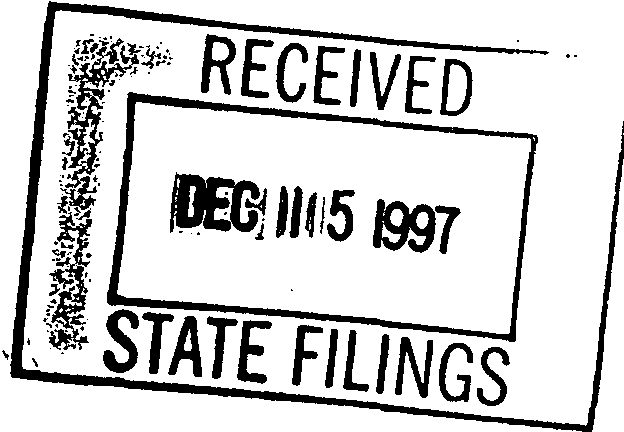
* + 1. The date on which the applicable limit of insurance is used up, if we sent notice in accordance with paragraph a. above; or

(2} The date on which we sent notice in ac­ cordance with paragr h **b.{1)** above, if we did not send notice in accordance with paragraph a. above.

* 1. The exhaustion of any limit of insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of *this* Condition.

CG 26 21 10 91 Copyright. Insurance Services Office. Inc., 1991 D



**STATE OF NEW YORK INSURANCE DEPARTMENT** 25 BEAVER STREET

NEW YORK, NEW YORK 10004

Sylvia Meneses Senior Law Clerk

State Filings Department

New Hampshire Insurance Company 70 Pine Street

New York, New York 10270

Date: December 10, 1997

Dear:

Re: Professional Liability Program Forms, Rates and Rules

Company File No. AIC-97-PR-11 Department File No. R97004270

This refers to your letter of September 19, 1997 submitting the captioned filing for our

**review.**

Inasmuch as we have not received a response to our letter of November 17, 1997, we are closing our file on this matter. You are also advised that should you wish to pursue this filing in the future, a new submission must be made for our review.

The filing remains disapproved and may not be used in New York State.

Very truly yours, Neil D. Levin

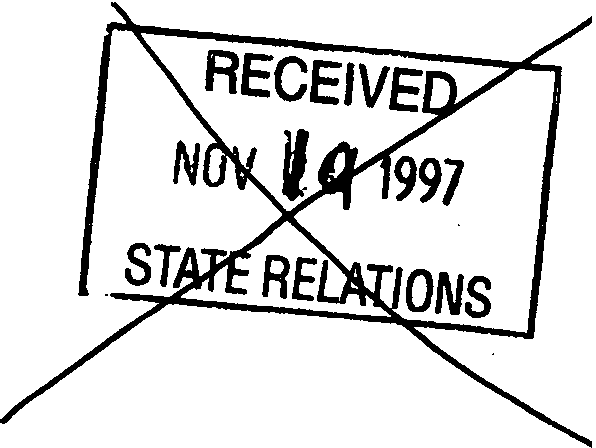
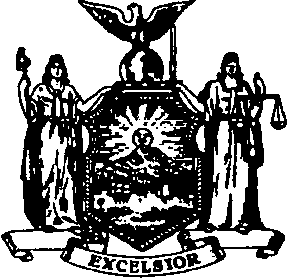
Superintendent of Insurance

*1 8*

Fred Sharpe

Senior Insurance Examiner Property and Casualty Bureau

[**http://www.ins.state.ny.us**](http://www.ins.state.ny.us/)

,

**STATE OF NEW YORK INSURANCE DEPARTMENT**

25 BEAVER STREET

NEW YORK, NEWYORK 10004

Date: November 17, 1997

Sylviil Meneses Senior Law Clerk

State Filings Department

-T...\_-·**.:.:.:RE;;..-C .EtV\_'E\_D**\_,

*!.*

• **I 9 1997**

**STATE FILINGS**

New Hampshire Insurance Company 70 Pine Street

New York, New York 10270

Re: Professional Liability Program Fonns, Rates and Rules

Company File No. AIC-97-PR-11

Dear:

This refers to your letter of September 19, 1997 submitting the captioned filing for our

review.

A review of our records indicates that we have not received a response to our letter of October 1, 1997 (copy attached), Unless we hear from your office within two weeks, we will assume that the company does not wish to pursue this matter further and close the captioned filing. In the event the filing is closed and the company wishes to pursue this matter in the future, a new submission must be made for our review.

We await your response. In the interim, the filing remains disapproved/incomplete and may not be used in New York State.

Very truly yours,

***F,-A\_/*** *JI*

Fred Sharpe

Senior Insurance Examiner Property and Casualty Bureau

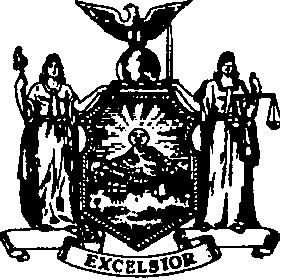
,.,.,

[http://www.ins.state.ny.us](http://www.ins.state.ny.us/)



\

,·

STATE OF NEW YORK INSURANCE DEPARTMENT 25 BEAVER STREET

NEW YORK, NEW YORK I 0004-2319

Sylvia Meneses Senior Law Clerk

State Filings Department

New Hampshire Insurance Company 70 Pine Street

New York, New York 10270



October 1, 1997

Re: Professional Liability Program Forms, Rates and Rules

Company File No. AIC-97-PR-11

,,,, **RECEI\**

L ....

Dear Ms. Meneses,

Department File No. R97004720

• **91997**

This refers to your letter of September 19, 1997 wherein you submittedl.**W;w W G:.:S:::... J**

Department for our review. Based on our review, we have the following comments and/or questions.

1. With reference to policy form 68318 7/97:
   1. The definition of discrimination must be amended to comply with the provisions of Department Circular Letter No. 6 (1994).
   2. With reference to Section III of the form, we note the company's duty to defend ends after the applicable limit of liability has been used up in the payments of judgment or settlements. Please amend this section by incorporating a provision which contains the rules and obligations related to transfer of duties when the liability limit is exhausted. Language acceptable to this Department is enclosed for your convenience. Please note that language similar to the enclosed language is also contained in ISO form CG 26 21 10/91 which was approved effective October 1, 1991.
   3. Exclusion C must be amended wherein there is never any coverage for any dishonest, fraudulent, criminal or malicious act, error or omission.
   4. Section VIII.E must be amended to comply with Section 161.10 (a) of Department Regulation 129.

r-----------,c----------\_-\_-\_--1,--- ------



-

·'- ---------·

) - *:Ls-<"*

* 1. Section VIII.P must be amended wherein the only way the policy can be voided is pursuant to Section 3105 of the New York Insurance Law.

f.. It must be amended to comply with Section 3420 (a) (4) of the New York Insurance Law.

1. Endorsement 68324 7/97 provides prior acts for an occurrence policy, which is permissible only under the following conditions:
   1. The prior acts coverage is to be provided only to an insured switching from a claims­ made policy and is not available to an insured with an uninsured prior acts exposure.
   2. There can be no coverage for known claims.
   3. The prior acts coverage once purchased, must survive the termination of the policy, i.e., any act is treated as if it took place while the policy was in place.

Accordingly, the endorsement must be amended to include the aforementione4 conditions.

1. Please provide us with actuarial justification for the optional charges in the aestheticians and electrologists program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the cost for the optional coverage for the day spa program.

1. Please provide us with actuarial justification for the minimum premium for the day spa program. If it is based on judgment, please provide us with the key factors that inform the judgment.

Also, please provide us with the minimum premium ( if any ), in the aestheticians and electrologists program.

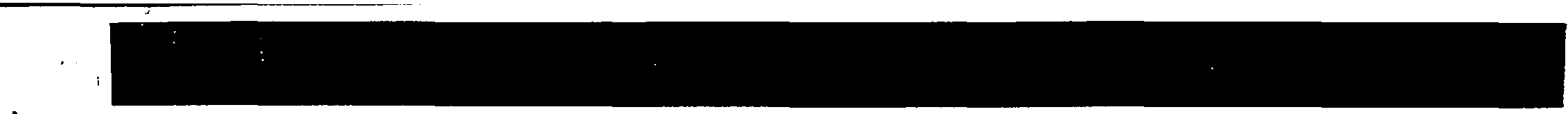
In the meantime, the filing is disapproved and may not be used in New York.

Very truly yours,

*F,-£ S*

Fred Sharpe

Senior Insurance Examiner Property and Casualty Bureau



**NEW HAMPSHIRE INSURANCE COMPANY** 8

**Executive Offices**

70 **Pine Street**

**New York, New York** 10270

Tel: 212-770-7000

Direct Dial: 212-770.,153

September 19, 1997

Honorable Neil **D.** Levin; Superintendent of Insurance

State of New York Insurance Department 25 Beaver Street

New York, New York 10004-2319

Attention: Mr. Stewart Keir, Assistant Deputy and Chief Examiner, Property and Casualty Insurance Bureau ·

**FILE COPY**

RE: **NEW HAMPSHIRE INSURANCE COMPANY**

NAIC # 012-23841 FEIN# 02-0172170

*Professional Liability Insurance Program* Declarations Page -Form No. 68317(7/97) Policy - Form No. 68318(7/97)

Application - Form No. 68319(7/97) Multiple Endorsements (see forms list) Rates and Rules

New York Cancellation/Nonrenewal Endorsement - Form No. 58241 (10/95) Company Filing No.: AIC-97-PR-l l

Dear Superintendent:

The New Hampshire Insurance Company submits for your review and approval its *Professional Liability Insurance Program.*

The Prof l Liability Policy offers coverage on an occurrence basis, with defense costs in addition to the limit of liability. This policy, in conjunction with the enclosed Aestheticians & Electrologists Endorsement, Form No. 68322(7/97) and Day Spa Endorsement, Form No. 68321(7/97) will provide errors and omissions coverage to businesses that offer these particular services.

Premium for this product will be determined using the enclosed rates and rules. Also enclosed is actuarial documentation in support of the proposed rates and rules.

We propose that this filing becomes effective for all policies effective on or after November 1, 1997, or the earliest date permitted by your department.

Your favorable review and approval are respectfully requested.

**Verytrulyyo rs,**

State Filings Department

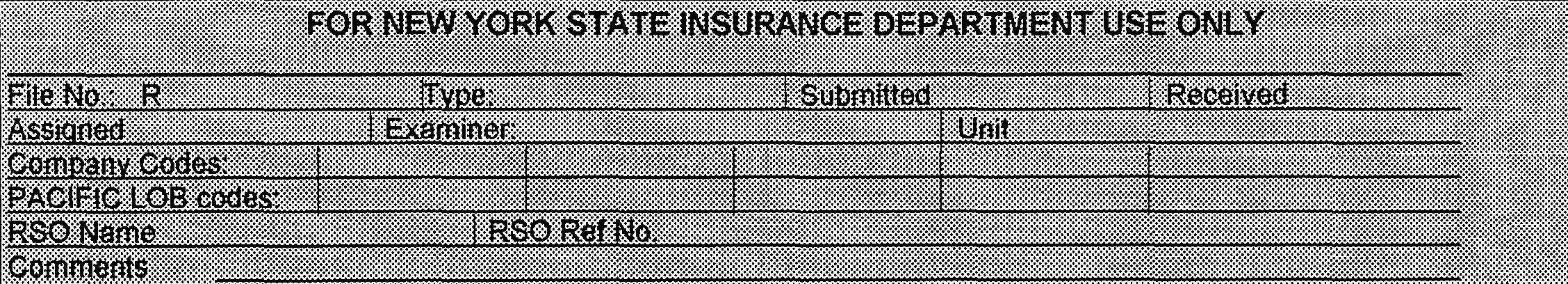
**8** (3.'97) lruurance from The New Hampshire Insurance Company and od...- member a,mpanla o( The New Hampohir< Insurance Group **,!It** Member Companies o( American lruemational Oroup, Inc.

***NEW HAMPSHIRE INSURANCE COMPANY***

***Professional Liability Insurance Program***

|  |  |
| --- | --- |
| **Forms List** |  |
| Form Title | Form Number |
| Professional Liability Insurance Policy | 68318(7/97) |
| Declarations Page | 68317(7/97) |
| Aestheticians & Electrologists/Day Spa Application | 68319(7/97) |
| Premises Liability Coverage Endorsement | 68320(7/97) |
| Day Spa Endorsement | 68321(7/97) |
| Aestheticians & Electrologists Endorsement | 68322(7/97) |
| Additional Insured Endorsement | 68323(7/97) |
| Retroactive Date Endorsement | 68324(7/97) |
| Please see the cover letter for the following: |  |
| State Cancellation/Nonrenewal Endorsement (if any) State Amendatory Endorsement (if any) |  |

**REPORT OF CHANGES IN RATES, PROSPECTIVE LOSS COSTS AND RATING RULES NYSID FORM 129-8**



1. INSURER INFORMATION

Insurer's NAIC Code

1011121- 12131814!11

New Hampshire Insurance Company Name of Insurer

AIC-97-PR-11

Insurer's File No.

1. FILING INFORMATION
   1. Type of filing

(check all that apply)

1. RSO rates, prospective loss costs and/or rules D
2. Independent rates and/or rules
3. Adoption of RSO rates and/or rules (must complete Part D) D
4. Adoption of RSO Loss Cost (must complete Part E and, if applicable Part F) D
5. Other (specify) D
   1. Indicate kind or type of insurance affected by this filing: Aestheticians & Electrologists/Day Spa-Program-
   2. Is this filing for a new program or does it otherwise include rates

for which your company does not presently have rates in effect? Yes No D

* 1. Proposed Date(s) of implementation New Business 11/ 1 /97

Renewals / /

* 1. Insurer's Annual Written Premium (AWP)

for the market affected by the proposed revisio.n:

* 1. Overall Statewide effect of this revision on the AWP indicated in (5) above: (indicate"+" or"-")

$1111,\_I\_II.I I I I

* 1. Has investment income been considered in this filing:

D

(Please attach investment income exhibit) Yes No

* 1. What is the largest and smallest cumulative effect of all rate, class, territory, increased limits factor, package modifier and any other rating factor ch es on angndividual class of insureds affected by this filing:

(inidcate "+"or"-") Largest: D DUD . OU% Smallest: D DOD . 00%

* 1. List the last four (4) rate revisions, with respective effective dates, including every revision filed during the preceding twelve (12) months, for the class of business affected by this rate revision, indicating the

overall rate level effect of each, and whether each such revision was on a file and use or prior approval basis:

Effective Date(s)

*I I*

*I I*

*I I*

*I I*

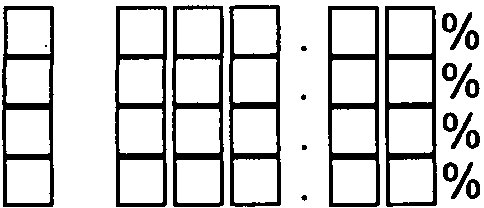
Rate Effect (lnidicate "+"or"-")

File and Use File and Use

File and Use File and Use

Prior Approval Prior Approval

Prior Approval Prior Approval

New York State Insurance Department

I Form 129-B (Ed. 1/93)

1. **FLEX-RATING INFORMATION**

D

* 1. Does any portion of this filing affect a market subject to Flex-rating? Yes No

**If the answer to (1) is "no," skip remaining questions 2 through 6 and go on to the next applicable Part.**

* 1. What percentage flex-band applies to the market affected by this filing? +/- %
  2. Does this revision result in rate level changes that would exceed the flex-

band applicable to this market? Yes D

* 1. Does this revisin include any changes in class, territory, increased limit factors, package modifier or similar rating factor which affects the rates of any individual insured by more than +/- 20% in addition to the overall statewide revision? Yes

D

* 1. Has this insurer made three (3) or more rate filings affecting

this market in the preceding twelve (12) moptt)s? Yes D

**IMPORTANT**

No D

No D

No D

**IF ANY OF THE RESPONSES TO QUESTIONS 3 THROUGH 5 ABOVE IS "YES", THE FILING IS SUBJECT TO THE SUPERINTENDENT'S PRIOR APPROVAL.**

* 1. On an attached schedule, please set forth (by class and territory) the rate level effect of this filing, indicating any applicable flex-band(s) and Pivot Rate Level(s) for this kind of business.

AFFIRMATION

I, Sylvia Meneses, a duly authorized officer of New Hampshire Insurance Company, do hereby affirm that the foregoing information, including the following (check all that apply):

0 PART D -ADOPTION OF RATES AND/OR RULES OF A RATE SERVICE ORGANIZATION

0 PART E -ADOPTION OF PROSPECTIVE LOSS COSTS OR A RATE SERVICE ORGANIZATION

**PART** F- **CALCULATION OF EXPECTED LOSS RATIO INVESTMENT INCOME EXHIBIT**

and all other attached exhibits, schedules and supporting infomration, is true to the best of my knowledge 'ef.

September 19 I **1997**

Date

Sylvia Meneses Name of Authoirzed Officer (please print)

70 Pine Street, 23rd Floor Address of Insurer

Senior Law Clerk New York. NY 10270

Title City State Zip Code

(212) 770-7153 *(* 212) 770-7153

Direct Telephone Number Fax Number

New York State Insurance Department 2 Form 129-8 (Ed. 1/93)

NEWYORK AMENDATORYENDORSEMENT

This endorsement, effective forms a part of

policy no.: by:

issued to

Wherever used in this endorsement: 1)"Insurer" means the insurance company which issued this policy; and 2)"Insured" means the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

CANCELLATION AND NONRENEWAL

In consideration of the premium charged, it is hereby understood and agreed as follows:

1. The cancellation provision is deleted and replaced by the following:
   1. CANCELLATION BY THE INSURED

This policy may be cancelled by the Insured by surrender of this policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The Policy Period terminates at the date and hour specified in such notice, or at the date and time of surrender.

* 1. CANCELLATION, NONRENEWAL AND CONDITIONAL RENEWAL BY THE

**INSURER**

* + 1. If this policy has been in effect for sixty (60) or fewer days when cancellation notice is mailed, and this policy is not a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Ip.surer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than twenty (20) days thereafter (fifteen (15) days thereafter if cancellation is because of one of the reasons for cancellation set forth in subsection (ii) below) the cancellation shall be effective. Notice of cancellation issued by the Insurer shall specify the grounds for cancellation.
    2. If this policy has been in effect for more than sixty (60) days when notice of cancellation is mailed, or if this policy is a renewal of a policy issued by the Insurer, then this policy may be cancelled by the Insurer by mailing or delivering to the Insured, and to his authorized insurance agent or broker, written notice stating when not less than fifteen (15) days thereafter the cancellation shall be effective; however, such cancellation must be based on one or more of the following:

58241(10/95)

(A)

(B)

(C)

nonpayment of premium;

conviction of a crime arising out of acts increasing the hazard insured against;

discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;

Page 1 of 4

1. after issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current Policy Period;
2. material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
3. required pursuant to a determination by the New York Superintendent o( Insurance that continuation of the present premium volume of the Insurer would jeopardize the Insurer's solvency or be hazardous to the interests of Insureds of the Insurer, its creditors or the public;
4. a determination by the New York Superintendent of Insurance that the continuation of the policy would violate, or would place the Insurer in violation of, any provision of the New York Insurance Law;
5. revocation or suspension of an Insured's license to practice his profession; or
6. where the Insurer has reason to believe that there is a probable risk or danger that the Insured will destroy or permit the destruction of the insured property for the purpose of collecting the insurance proceeds, provided, however, that:
   1. a notice of cancellation on this ground shall inform the Insured in plain language that the Insured must act within ten days if review by the department of the ground for cancellation is desired pursuant to item (3) of this subparagraph (I);
   2. notice of cancellation on this ground shall be provided simultaneously by the Insurer to the department; and
   3. upon written request of the Insured made to the department within ten days from the Insured's receipt of notice of cancellation on this ground, the department shall undertake a review of the ground for cancellation to determine whether or not the Insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the department finds no sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.

Notice of cancellation by the Insurer shall specify the grounds for cancellation.

58241(10/95) Page 2 of 4

* + 1. (1) The Insurer shall mail to the Insured, and to his authorized insurance agent or broker, written notice indicating the Insurer's intention:
       1. not to renew this policy;
       2. to condition its renewal upon change of limits, change in type of coverage, reduction of coverage, increased deductible or addition of exclusions or upon increased premiums in excess of ten percent; (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating, loss rating, or audit);
       3. that the policy 'Vill not be renewed or will not be renewed upon the same terms, conditions or rates; such alternative renewal notice must be mailed or delivered on a timely basis and advise the Insured that a second notice shall be mailed at a later date indicating the Insurer's intention as specified in subparagraph (A) or

(B) of this paragraph (1) and that coverage shall continue on the same terms, conditions and rates as expiring, until the later of the expiration date or sixty

(60) days after the second notice is mailed or delivered; such alternative renewal notice also shall advise the insured of the availability of loss information and, upon written request, the request, the insurer shall furnish such loss information within twenty days to the insured.

* + 1. A nonrenewal notice as specified in subparagraph (A), a conditional renewal notice as specified in subparagraph (B), and the second notice described in subparagraph (C) of paragraph (1) of this subsection (iii) shall contain the specific reason or reasons for nonrenewal or conditional renewal, and set forth the amount of any premium increase and nature of any other proposed changes.
    2. The notice required by paragraph (1) of this subsection (iii) shall be mailed at least sixty (60) but not more than one hundred twenty (120) days in advance of the end of the Policy Period.
    3. (A) If the Insurer employs an alternative renewal notice as authorized by subparagraph (C) of paragraph (1) of this subsection (iii), the Insurer shall provide coverage on the same terms, conditions, and rates as the expiring policy, until the later of the expiration date or sixty

(60) days after the mailing of the second notice described in such subparagraph.

1. Prior to the expiration date of the policy, in the event that an incomplete or late conditional renewal notice or a late nonrenewal notice is provided by the Insurer, the Policy Period shall be extended, at the same terms and conditions as the expiring policy, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extension, and at the lower of the current rates or the prior period's rates, until sixty

(60) days after such notice is mailed, unless the Insured elects to cancel sooner.

1. In the event that a late conditional renewal notice or a late nonrenewal notice is provided by the insurer on or after the expiration date of the policy, coverage shall remain in effect on the same terms and conditions of the expiring policy for another required policy period, and at the lower of the current rates or the prior period's rates unless the insured during the additional required policy period has replaced the coverage or elects to cancel, in which event such cancellation shall be on a pro rata premium basis.
   * 1. Nothing herein shall be c\_onstrued to limit the grounds for which the Insurer may lawfully rescind this policy or decline to pay a claim under this policy.
     2. Notice required herein to be mailed to the Insured shall be mailed to the Insured at the address shown in Item 1 of the Declarations.

Notice required herein to be mailed by the Insurer shall be sent by registered, certified or other first class mail. Delivery of written notice shall be equivalent to mailing.

Proof of mailing of such notice as aforesaid shall be sufficient proof of notice. The Policy Period shall terminate at the effective date and hour of cancellation or nonrenewal specified in such notice.

* + 1. If this policy shall be cancelled by the Insured, the Insurer shall retain the customary short rate proportion of the premium hereon.

If this policy shall be cancelled by the Insurer, the Insurer shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the Insurer shall not be a condition of cancellation, but such payment shall be made as soon as practicable.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED REPRESENTATIVE

**ENDORSEMENT**

This endorsement effective forms a part of policy no.: issued to:

by:

**NEW YORK AMENDATORY ENDORSEMENT**

The policy is hereby amended as follows:

1. Section **VII. DEDUCTIBLE** is deleted in its entirety and replaced by the following:

A **You** will be responsible for the deductible amount shown in the Declarations. The deductible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated or related **wrongful acts** shall be subject to one deductible.

B. We may pay all or part of the deductible to settle a **claim** or **suit. You**

agree to repay **us** promptly after **we** notify **you** of the settlement.

1. Subsection H. OTHER MEMBER C01\1PANIES OF THE AMERICAN INTERNATIONAL GROUP, INC. POLICIES of Section **VIIl. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety.
2. Subsection M. NOTICE OF **WRONGFUL ACT** BY **YOUR** AGENTof Section **VIIl. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

Notice given by or on behalf of **you** to any of **our** authorized agents, with particulars sufficient to identify **you,** shall be deemed notice to **us.**

1. Subsection C. LAWSUITS AGAINST US of Section **VIIl. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

No one can sue **us** to recover under this policy unless all of its terms have been honored.

A person or organization may sue **us** to recover up to the limits of coverage under this policy only after **your** liability has been decided by:

* 1. **A** judgment against **you**
  2. A written agreement signed by **you, us** and the party ma ing the **claim.**

1. Subsection 0. OTHER INSURANCE of Section **VID. OTHER PROVISIONS AFFECTING COVERAGE** is deleted in its entirety and replaced by the following:

Where other valid and collectible insurance is available to you for losses covered under the terms and conditions of the policy, **our** obligation to **you** shall be as follows:

1. This insurance is primary, and **our** obligations are not affected unless any of the other insurance is also primary. In that case, we will share with all that other insurance by the method described in paragraph (2) below.
2. If all of the other insurance permits contribution by equal shares, **we** will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any of the other insurance does

not permit contribution by equal shares, **we** will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**You** shall promptly upon **our** request provide us with copies of all policies potentially applicable against the liability covered by this policy.

All other terms, conditions and exclusions shall remain unchanged.

AUTHORIZED REPRESENTATIVE

**Item 1.**

Named Insured and Address

**NEW HAMPSHIRE INSURANCE COMPANY**

**Home Office: 2005 Market Street Philadelphia, Pennsylvania 19103 Executive Offices:70 Pine Street New York, New York 10270**

**PROFESSIONAL LIABILITY INSURANCE** - **OCCURRENCE DECLARATIONS**

|  |  |
| --- | --- |
| * .I | Policy Number |
| Previous Policy No. |

The Named Insured is: individual 0; partnership 0; corporation 0; joint venture 0; other 0

**Item 2.** Policy Period: From to 12:01 A.M.; standard time at the address of the Named Insured as stated herein.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item 3.** | | | | |
| **Coverages** | **Limits of Liabilitv** | | **Deductible Amount** | |
| **A. Wrongful Acts** | Each **wrongful act**  Aggregate | $ | $ |  |
| $ |  |
| **Item 4.** Form numbers of endorsements attached at issue: | | | | |
| **Item 5.** Professional Service(s) conducted by Named Insured | | | | |
| **Item 6.** Additional Insureds | | | | |
| I **Premium** $ | | | | |

**AGENT/BROKER:**

68317 (7/97)

Countersigned By:-------------­

Authorized Representative

*i*

**NEW HAMPSHIRE INSURANCE COMPANY**

**Home Office: 2005 Market Street Philadelphia, Pennsylvania 19103 Executive Offices:70 Pine Street New York, New York 10270**

**PROFESSIONAL LIABILITY INSURANCE POLICY OCCURRENCE**

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words **you** and **your** refer to the Named Insured(s) shown in the Declarations and any other person(s) or organization(s) qualifying as a Named Insured under this Policy. The words **we, us** and **our** refer to the company providing this insurance.

The word Insured means any person or organization qualifying under SECTION V. WHO IS AN INSURED.

Other words and phrases that appear in boldface have special meaning. Refer to SECTION II. DEFINITIONS.

* 1. **COVERAGE**

**We** shall pay amounts **you** are legally obligated to pay to compensate others for loss resulting from the Insured's **wrongful act(s)** or that of another for whom **you** are legally responsible. The **wrongful act** must first take place during the **policy period** and solely in the conduct of **your professional services** as stated in Item 5. of the Declarations.

* 1. **DEFINITIONS**
     1. **Bodily Injury** means bodily harm, sickness, or disease, including death resulting therefrom.
     2. **Claim(s)** means a demand for money.
     3. **Discrimination** means the violation of any law, whether statutory or common law, including, but not limited to, race, color, religion, national origin, age, sex, marital status, sexual orientation, handicap, pregnancy, chronic medical condition, or obesity.
     4. **Personal Injury** means injury other than **bodily injury** arising out of one or more of the following offenses:
        1. False arrest, detention or imprisonment;
        2. Malicious prosecution;

68318 (7/97)

* + - 1. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies by or on behalf of its owner, landlord or lessor;
      2. Oral or written publication of material that slanders or libels a person or organization, or disparages a person's or organization's goods,\_pr.o.ducts,\_or. services; or
      3. Oral or written publication of material that violates a person's right of privacy.
    1. **Policy Period** means the·· period commencing on the effective date shown in the Declarations. This period ends on the earlier of the expiration date or the effective date of cancellation of this Policy. If **you** became an Insured under this Policy after the effective date, the **policy period** begins on the date **you** became an Insured and ends on the earlier of the expiration date or the effective date of cancellation of this Policy.
    2. **Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including: smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, material to be recycled, reconditioned or reclaimed, as well as medical waste.
    3. **Professional Services** means those services listed in Item 5. of the Declarations or any other services listed by endorsement.
    4. **Property Damage** means:
       1. Physical injury to, or destruction of, tangible property including the loss of use ofit; or
       2. Loss of use of tangible property, which has not been physically injured or destroyed.
    5. **Suit** means a civil proceeding in a court including an arbitration proceeding.
    6. **We, us** or **our** means the Company issuing this Policy.
    7. **Wrongful Act** means any breach of duty, neglect, error, misstatement, misleading statement, or omission in performing or failing to perform **professional services** for clients for a fee.
    8. **You** or **your** means the individual, partnership, or corporation designated as the Named Insured in Item I of the Declarations. This includes any partner, officer, director, employee, trustee or volunteer thereof, solely while acting in such capacity.

ill. **DEFENSE COSTS, CHARGES AND EXPENSES**

**We** shall pay the costs related to the following which are in addition to the Limits of Liability:

1. **We** have the right and duty, at **our** expense, to defend and to appoint counsel for any **suit** brought against **you** for a covered **wrongful act,** even if the **suit** is groundless or fraudulent. **Our** duty to defend any **suit** ends after the applicable Limit of Liability has been exhausted by payment of judgments, awards, or interest

accruing thereon pnor 0

1

settlements.

entry of judgment or issuance of an award and

1. We have the right to investigate any **claim** or **suit** and settle any **claim** or **suit** that

**we** believe is proper.

1. 1. **We** shall pay all reasonable costs **we** ask **you** to incur other than loss of earnings while defending a **suit.**

2. **We** shall pay premiums for appeal bonds, or bonds to release property used to secure legal obligation, if required in a **suit we** defend. **We** shall only pay, however, for bonds valued up to **our** applicable Limit of Liability. **We** have no obligation to appeal or to obtain these bonds.

1. We shall pay all interest on that amount of any judgment up to **our** Limit of Liability:
   1. Which accrues after entry of judgment; and
   2. Before **we** pay, offer to pay, or deposit in court that part of the judgment within **our** applicable Limit of Liability.

**We.** shall not be obligated to make any payment nor undertake or continue defense of any **suit** or proceeding after **our** applicable Limit of Liability has been exhausted by payment of judgments and awards.

1. **EXCLUSIONS**

This Policy shall not apply to:

* 1. Any **bodily injury, property damage** or **personal injury;**
  2. Any fines, penalties, punitive, exemplary damages, or multiplied damages;
  3. Any dishonest, fraudulent, criminal or malicious act, error, or omission; but this

exclusion shall onl; apply if **you** did not personally participate in or direct such act, error, or om1.ss1/0n;

* 1. Any liability in which **you** expected or intended injury or damage, regardless of whether **you** intended the specific injury or damage sustained;
  2. Any **claim** brought by any person or organization covered under this Policy;
  3. Any obligation of the Insured under any worker's compensation, unemplo r.nienL compensation, social security or disability benefits law, or under any similar law;
  4. Any liability **you** assume under any contract or agreement. This exclusion shall not apply to liability:
     1. You assume under a contract or agreement, which arises solely from **your wrongful act;** or
     2. Which would arise against **you** in the absence of the contract or agreement;
  5. Any **claim** arising from:
     1. The actual, alleged, or threatened, discharge, dispersal, seepage, migration, release, or escape of **pollutants;** or
     2. Any direction or request, to test for, monitor, cleanup, remove, contain, treat, detoxify, or neutralize **pollutants** or in any way respond to or assess the effects of **pollutants;**
  6. Any **discrimination** on any basis whatsoever;
  7. Any liability or damage because of **wrongful acts** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution or terrorism;
  8. Any liability arising out of a violation of any federal, state, municipal, administrative or other law, order, or regulation;
  9. Any **claim** arising from nuclear fission, nuclear fusion or radioactive contamination;
  10. Any violation of any anti-trust, price fixing or restraint of trade law or any infringement of copyright, patent, trademark, service mark or trade name;
  11. Any non-pecuniary relief;

0. Any disputes involving the Insured's cost estimates, fees, or charges; or

P. Any theft, burglary, robbery, mysterious disappearance, inventory shortage or inventory shrinkage. Further, no coverage shall be provided for any direct or . consequential damage resulting from or contributed to by any of the foregoing.

1. **WHO IS AN INSURED**
2. The following are Insureds:
   1. **You.**
   2. An individual and the individual's spouse are Insureds, but only with respect to the conduct of **your professional services** named in the Declarations of which he or she is the sole proprietor.
   3. A partnership or joint venthre is an Insured. The partnership's partners or joint venture's members and their spouses are also Insureds, but only with respect to the conduct of a partnership or joint venture of **your professional services** named in the Declarations.
   4. If **you** are designated in the Declarations as other than an individual, partnership or joint venture, the organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such.
   5. **Your** employees, other than **your** executive officers and directors, are Insureds, but only for acts within the scope of their employment by **you** or while performing duties related to the conduct of **your professional services** as stated in Item 5. of the Declarations.
3. **LIMITS OF LIABILITY**
   1. The limits shown in the Declarations to this Policy and the information contained in this section fix the most **we** shall pay regardless of the number of:
      1. Persons or organizations covered by this Policy; or
      2. Claimants, **claims** made, or **suits** brought.
   2. Each **wrongful act** limit is the most **we** shall pay for all loss that results from a single **wrongful act.**
   3. The Aggregate Limit is the most **we** shall pay for all losses covered under this Policy.
   4. All **claims** arising from continuous, repeated, or related **wrongful acts** shall be treated as one **claim.** Such **wrongful acts** shall be considered to have taken place when the earliest **wrongful act** takes place.
   5. The Limits of Liability of this Policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the **policy period** shown in the Declarations, unless the **policy period** is extended after issuance for an additional period of less than 12 months. In that case, the additional period shall be deemed of the last preceding period for purposes of determining the Limits of Liability.
4. **DEDUCTIBLE**
   1. **You** shall be responsible for the deductible amount shown in the Declarations. Expenses we incur in investigating and defending **claims** and **suits** are included in the deductible. The deductible applies to each **wrongful act** and **you** may not insure against it. All **claims** arising from a single **wrongful act** or continuous, repeated, or related **wrongful acts** shall be subject to one deductible.
   2. We may pay all or part of the deductible to settle a **claim** or **suit. You** agree to repay **us** promptly after **we** notify **you** of the settlement.

**VIII. OTHER PROVISIONS AFFECTING COVERAGE**

1. WHERE COVERAGE APPLIES

**We** cover **wrongful acts** in the United States of America, its territories and possessions, Puerto Rico or Canada, but only if a **claim** is made and a **suit** is brought for such **wrongful act** in the United States of America, its territories and possessions, Puerto Rico, or Canada.

1. **YOUR** ASSISTANCE AND COOPERATION
   1. **You** agree to cooperate with and help **us:**
      1. Make settlements;
      2. Enforce any legal rights **you** or **we** may have against anyone who may be liable to **you;**
      3. Attend depositions, hearings and trials; and
      4. Secure and give evidence, and obtain the attendance of witnesses.

**You** shall not admit any liability, assume any financial obligation, or pay out any money without **our** prior consent. If **you** do, it shall be at **your** own expense.

1. LAWSUITS AGAINST **US**
   1. No one can sue **us** to recover under this Policy unless all of the terms have been honored.
      1. A person or organization may sue **us** to recover up to the Limits of Liability under this Policy only after **your** liability has been decided by:
         1. Trial, after which a final judgment has been entered; or
         2. A written settlement agreement signed by **you, us,** and the party making the **claim.**
2. BANKRUPTCY

**You** or **your** estate's bankruptcy or insolvency does not relieve **us** of **our**

obligations under this Policy.

1. EXAMINATION OF **YOUR** BOOKS AND RECORDS

**We** may examine and audit **your** books and records as they relate to this Policy at any time during the **policy period** and up to three years afterward.

1. INSPECTIONS AND SURVEYS

**We** have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give **you** reports on the conditions **we** find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. **We** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **we** do not represent that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to **us,** but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on **our** behalf

1. PREMIUMS

The first Named Insured shown in the Declarations:

68318 (7/97)

1. Is responsible for the payment of all premiums; and
2. Shall be the payee for any return premiums **we** pay.

7

1. OTHER ME1\1BER COMPANIES OF THE AMERICAN INTERNATIONAL GROUP, INC. POLICIES
2. Two or more insurance policies may be issued by **us** or other member companies of American International Group, Inc. These policies may provide coverage for:
   1. **Claims or suits** arising from the same or related **wrongful act;** and
   2. Persons or organizations covered in those policies that are jointly and severally 'liable.
3. In such a case, **we** shall not be liable under this Policy for an amount greater than the proportion of the loss that this Policy's applicable Limit of Liability bears to the total applicable limits of insurance under all such policies.

In addition, the total amount payable under all such policies is the highest, single applicable Limit of Liability among all such policies.

1. TRANSFER OF **YOUR** RIGHTS AND DUTIES UNDER THIS POLICY

**Your** rights and duties under this Policy may not be transferred without **our**

written consent except in the case of death of an individual Named Insured.

If **you** die or are declared legally bankrupt, **your** rights and duties shall be transferred to **your** legal representative but only while acting within the scope of duties as **your** legal representative. Until **your** legal representative is appointed anyone having proper temporary custody of **your** property shall have **your** rights and duties but only with respect to that property.

1. CHANGES

**You** are authorized to make changes in the terms of this Policy with **our** written consent. This Policy's terms can be amended or waived only by endorsement issued by **us** and made a part of this Policy.

1. CONFORMANCE TO STATUTE

To the extent a term of this Policy conflicts with a statute of the State within which this Policy is issued, the term shall be deemed amended so as to conform to minimum requirements of the statute.

1. DUTIES IN THE EVENT OF **WRONGFUL ACT, CLAIM OR SUIT**
2. **You** must see to it that **we** are notified as soon as practicable of a **wrongful act** which may result in a **claim.** To the extent possible, notice should include:
   1. How, when, and where the **wrongful act** took place;
   2. The names and addresses of any injured persons and witnesses; and
   3. The nature and location of any injury or damage arising out of the

**wrongful act.**

1. If a **claim** is made or **suit** is brought against any Insured, **you** must:
   1. Immediately record the specifics of the **claim** or **suit** and the date received; and
   2. Notify **us** as soon as practicable.

**You** must see to it that **we** receive written notice of the **claim** or **suit** as soon as practicable.

1. **You** and any other involved Insured must:
   1. Immediately .send **us** copies of any demands, notices, summonses or legal papers received in connection with the **claim** or **suit;**
   2. Authorize **us** to obtain records and other information;
   3. Cooperate with **us** in the investigation or settlement of the **claim** or defense against the **suit;** and
   4. Assist **us,** upon **our** request, in the enforcement of any right against any person or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.
2. No Insureds shall, except at the Insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without **our** consent.
3. NOTICE OF **WRONGFUL ACT** BY **YOUR** AGENT

Any failure of **your** agent, servant or employee, other than an executive officer of **your** corporation, partner of any partnership Insured, or the owner, to notify **us** of any **wrongful act** of which he has knowledge shall not invalidate the insurance afforded **you** under this Policy.

1. SEPARATION OF INSUREDS

Except with respect to the Limits of Liability, and any rights or duties specifically assigned in this Policy to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each Insured against whom a **claim** is made or a **suit** is brought.
   1. OTHER INSURANCE

**We** shall be excess over any other insurance including, but not limited to, any self­ insurance. If there is other insurance which applies to the loss resulting from a **wrongful act** the other insurance shall pay first. This Policy applies to the amount of loss which is more than:

* 1. The Limits of Liability of the other insurance; and
  2. The total of all deductibles and self-insured amounts under all such other msurance.

**We** shall not pay more than **our** Limits of Liability.

1. REPRESENTATIONS
   1. By accepting this Policy, **you** agree that the statements in the Application and Declarations are true;
   2. **You** agree that this Policy is issued in reliance upon the truth of those representations; and
   3. Any and all relevant provisions may be voided by **us** in any case of fraud, intentional concealment, or misrepresentation of material fact by **you.**
2. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If **you** have rights to recover all or part of any payment **we** have made under this Policy, those rights are transferred to **us. You** shall do nothing to impair them. At **our** request, **you** shall bring **suit** or transfer those rights to **us** and help **us** enforce them.

1. **ARBITRATION**
   1. Any controversy arising out of or relating to this Policy or its breach shall be settled by arbitration in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of three (3) arbitrators. One of the arbitrators shall be chosen by **you** and one arbitrator shall be chosen by **us.** Those two arbitrators shall then choose the third arbitrator. Unless the parties otherwise agree, the arbitration shall be held in the Insured's state of domicile.
   2. Unless the parties otherwise agree, within thirty (30) days of the parties submitting their case and related documentation, the arbitration panel shall issue a written decision resolving the controversy and stating the facts reviewed, conclusions reached, and the reasons for reaching those conclusions. The arbitration panel may make an award of compensatory damages, but shall not award punitive or exemplary damages. The findings of the arbitration panel, however, shall be binding upon **you or us.**
   3. **You** shall bear the expense of the arbitrator chosen by **you. We** shall bear the expense of the arbitrator chosen by **us. You** and we shall share equally the expense of the other arbitrator. The arbitration panel shall allocate any remaining costs ofthe arbitration proceeding.
2. TITLES OF PARAGRAPHS

Titles of paragraphs are inserted solely for convenience of reference and shall not be deemed to limit, expand or otherwise affect the provisions to which they relate.

1. WHEN WE DO NOT RENEW

If **we** decide not to renew this policy, **we** shall mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than sixty (60) days before the expiration date. If notice is mailed, proof of mailing shall be sufficient proof of notice.

IX. **CANCELLATION**

1. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to **us** advance written notice of cancellation.
2. **We** may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
   1. Ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium; or
   2. Thirty (30) days before the effective date of cancellation if **we** cancel for any other reason.
3. **We** shall mail or deliver our notice to the first Named Insured's last mailing address known to **us.**
4. Notice of cancellation shall state the effective date of cancellation. This Policy period shall end on that date.
5. If this Policy is canceled, **we** shall send the first Named Insured any premium refund due. If **we** cancel, the refund shall be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation shall be effective even if **we** have not made or offered a refund.
6. If notice is mailed, proof of mailing shall be sufficient proof of notice.
7. If **you** cancel **you** shall return the Policy or a properly executed Lost Policy Release by mail or delivery to **us** or **our** Program Administrator within 7 days of the effective date of cancellation.

IN WITNESS WHEREOF, we have caused this Policy to be signed by **our** President and Secretary and countersigned where required by law on the Declarations page by **our** duly authorized representative.

Secretary President

**New Hampshire Insurance Company**

Home Office: 2005 Market Street, Philadelphia, PA 19103 Executive Offices: 70 Pine Street, New York, NY 10005

**Aestheticians - Electrologists - Day Spa Professional Liability Insurance Application**

* 1. Primary Applicant Name: Policy Effective Date: \_
  2. Mailing Address:
  3. Telephone:
  4. Type of Ownership: 0 Corporation
  5. **Type of Business:** D **Aesthetician**
  6. Is the applicant part of a Franchise?

Fax: \_ \_

0Not f r P;rofit O Partnership D Sole Proprietorship (Individual)

D **Electrologist** D **Day Spa** D **Other \_**

OYes ONo

* 1. Are there any locations the applicant owns that will not be specifically insured by this policy?
  2. Location 1 Information (for additional locations, list information on separate sheet)

OYes DNo

* 1. Location 1: Address: .--- County:
  2. Interest in building: 0 Tenant D Owner
  3. Gross receipts (for this location): \_

**12.. Limits of Liability:** D **$1,000,000 occ./$2,000,000 agg. D $2,000,000 occ./.$A,OOO.,DOQagg.\_**

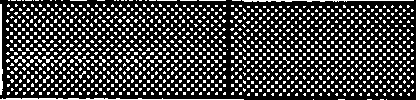
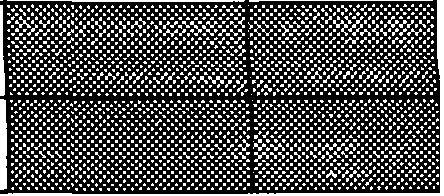
**Note: A $25 property damage deductible shall apply to each claim for Aestheticians or Electrologists. A $500 property damage deductible shall apply to each claim for Day Spa operations.**

1. **Select desired coverages:** D **Professional Liability Only** D **Professional Liability and Premises Liability Coverage**
2. Please indicate which of the following services are performed.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| •Electrolysis | DYes | DNo | •Facial & skin cleansing | DYes | ONo |
| •Exfoliation | DYes | DNo | •Waxing | DYes | DNo |
| •Oil treatments | DYes | DNo | •Manicure or pedicure | DYes | ONo |
| •Hydrotherapy | OYes | DNo | •Aromatherapy | DYes | DNo |
| •Body Wraps | DYes | DNo | •Facial & scalp massage | OYes | ONo |
| •Massage & touch therapy | DYes | ONo | •Mud, clay & seaweed treatments | DYes | ONo |
| •Tanning beds, booths or facial tanning units | OYes | ONo | •Personal trainers/exercise equipment | OYes | ONo |
| •Tattoo or permanent makeup | OYes | ONo | •Body piercing (other than ear lobe) | DYes | DNo |

**1. Indicate below how many employees of each classification work for you:**

Tannin Bed # of units Exercise E ui ment # of units



Full Time

Part Time

Student

Full Time

Part Time

Student

**Electrolo ist**

**Manicurist**

**Aesthetician**

**Beautician**

Masseuse

H drothera # of units

68319 (7/97) 1

1. Are all technicians licensed if required by law? D Yes D No

If so, please list thestate, license number and expiration date on separate sheet of paper for all technicians.

1. ADOITONAL INSUREDS:

Location \_

Name: Address: \_

Interest: \_

1. **Loss Information (3-5 years, attach prior carrier loss runs to applicant)**

|  |  |  |
| --- | --- | --- |
| Date | Description of Loss  (attach sheet with further description if necessary | Amount Incurred (Include reserves) |
|  |  |  |
|  |  |  |

1. Current Insurance Carrier & Policy Number: (Not required in Missouri)
2. **The applicant represents that the statements set forth herein are true, and that if the information supplied on this application changes between the date of this application and the date on which coverage is bound, the applicant will immediately notify the insurance company of such changes. The signing of this application does not bind the insurance company to provide the requested coverage, but it is agreed that if a policy is issued, this application shall be the basis for the policy, and it will be attached to and made part of the policy.**

**Notice of New York Applicants:** "Any person knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading information concerning -any fact material thereto, commits a fraudulent insurance act which is a crime, a person who commits such crime shall also be subject to a civil penalty not to exceed $5,000 and the stated value of the claim for each violation."

**Notice to Ohio Applicants:** "Any person who with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud".

**Notice to Kentucky Applicants:** "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime".

**Notice to Pennsylvania Applicants:** "Any person who knowing and with intent to defraud any insurance company or other person files an application for insurance or statement of claim concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subject such person to criminal and civil penalties".

**Notice to New Jersey Applicants:** "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties".

**Notice to Florida Applicants:** "Any person knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree".

**Notice to Colorado Applicants:** "It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damage. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable froin insurance proceeds shall be reported to the Colorado Division of insurance within the Department to Regulatory Agencies."

**Notice to Minnesota Applicants:** "any person who submits an application or files a claim with intent ot defraud or helps to commit a fraud against an insurer is guilty to a crime"

**Notice to Arkansas Applicants:** "Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

Signature of Applicant Date Agent Date

68319 (7/97) 2

This endorsement, effective

**New Hampshire Insurance Company**

A.M. forms a part of

Policy No.

By:

issued to

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Premises Liability Coverage Endorsement**

In consideration of payment of an additional premium $ , the Policy is amended as follows:

* 1. Section I. Coverage is amended to include the following as an additional coverage: Premises Liability

**We** shall pay amounts **you** are legally obligated to pay to compensate others for **bodily injury** or **property damage** arising out of an occurrence on premises owned, rented,--or used by **you** in the conduct or the providing of **your professional services** as stated in the Item 5. of the Declarations. The **bodily injury** or **property damage** must take ·place during the **policy period.**

* 1. For the purposes of this Endorsement only and with respect to the coverage granted above, Section IV. Exclusions, Exclusion A. is deleted in its entirety.

All other terms, conditions, and exclusions remain unchanged.

Authorized Representative

68320 (7/97)

**New Hampshire Insurance Company**

This Endorsement effective 12:01 AM. Policy No.

Issued to

forms a part of

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Day Spa Endorsement**

"· I

* + 1. Section II. Definitions is amended to include the following definitions:
       - **Day Spa** means a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. **Day Spa** treatments include, but are not limited to the following:
         * Facials & sk n cleansing;
         * Exfoliation;
         * Waxing;
         * Body wraps;
         * Massage & touch therapy;
         * Hydrotherapy;
         * Aromatherapy;
         * Oil treatments;
         * Mud, clay & seaweed treatments;
         * Tanning beds, booths or facial tanning machines;
         * Manicure or pedicure;
         * Electrolysis; or
         * Personal trainers / exercise equipment.
    2. Section IV. Exclusion A. is deleted in its entirety.
    3. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:

1. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from the **wrongful acts** of **your Day Spa** operation.
2. Any **claim** arising from:
   * Plastic surgery; or
   * Removal of warts, moles, or other growths.

**New Hampshire Insurance Company**

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products:
   * Manufactured by **you** or any other Insured;
   * Bottled or rebottled by **you** or any other Insured; or
   * Packaged or repackaged by **you** or any other Insured.

.. *3*

1. Any **claim** arising out of any equipment which has been modified or altered from manufacturer standards or do not meet federal, state or municipal safety requirements.
2. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said u e.
3. Any **claim** arising from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.
4. Any **claim** under this Professional Liability Policy which may be covered under **your** General Liability Coverage, Business Owners Package Coverage or similar coverage whether or not the applicable limit of coverage thereunder has been exhausted.
5. Any **claim** arising from any **wrongful act** while **you** did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

.,,

'' **New Hampshire Insurance Company**

This Endorsement effective 12:01 AM.

Policy No. By

Issued to

forms a part of

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Aestheticians** & **Electrologists Endorsement**

A Section II. Definitions is ame ded to include the following definitions:

* **Aesthetician** means a person or practitioner of **aesthetics.**
* **Aesthetics** means any one or a combination of the following skin care practices which are performed for cosmetic purposes:

1. Cleansing, stimulating, manipulating, exercising, beautifying or applying oils, creams, antiseptics, clays, lotions, or other preparations to the skin either by hand or by mechanical or electrical appliance(s);
2. Facial or scalp massage;
3. Arching eyebrows or tinting eyebrows and eyelashes;-or
4. Removing superfluous hair by means other than electrolysis.

* **Electrologist** means a person or practitioner of **electrolysis.**
* **Electrolysis** means the eradication of unwanted hair for cosmetic purposes through the use of Federal Drug Administration approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

1. Section IV. Exclusions, Exclusion A is deleted in its entirety.
2. Section IV. Exclusions is amended to include the following exclusions: This policy shall not apply to:
   1. Any **bodily injury, property damage or personal injury.** However, this exclusion does not apply to **bodily injury** or **property damage** arising from **your wrongful acts** as an **aesthetician or electrologist.**
   2. Any **claim** arising from:
      * Plastic surgery; or
      * Removal of warts, moles, or other growths.

,;'I.

**New Hampshire Insurance Company**

1. Any **claim** arising out of the ownership, maintenance, operations or use of any apparatus using x-ray or other ionizing radiation for the removal of hair.
2. Any **claim** arising out of goods or products:
   * Manufactured by **you** or any other insured;
   * Bottled or rebottled by **you** or any other insured, or
   * Packaged or repackaged by **you** or any other insured.
3. Any **claim** arising out of :
   * Body massage other than facial or scalp massage;
   * Steam baths;
   * Sauna;
   * Body wrapping; or
   * Sun tanning.
4. Any **claim** arising out of the use of **electrolysis** equipment which has been modified or altered from manufacturer standards or does not meet federal, state or municipal safety requirements.
5. Any **claim** arising out of the use, administration or application of any dye or coloring to eyelashes or eyebrows other than that specifically manufactured for said use.
6. Any **claim** ansmg from tattoos, permanent makeup or body piercing. However, this exclusion shall not apply to piercing of the earlobe area up to but not including the helix.
7. Any **claim** under this Professional Liability Insurance Policy which may be covered under **your** General Liability Coverage, Business Owners Package Coverage or similar coverage whether or not the applicable limit of coverage has been exhausted.
8. Any claim arising from any **wrongful act** while you did not have a license required by law.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

This Endorsement effective 12:01 AM.

Policy No.

Issued to

forms a part of

By

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Additional Insured Endorsement**

Section V. WHO IS AN INSURED is amended to include the person or organization shown in the schedule below, but only with respect to liability arising out of **your** operations, or premises owned or rented to **you.**

Schedule

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown-in. the Declarations as applicable to this endorsement.)

All other terms, conditions, and exclusions shall re!Jlain unchanged.

Authorized Representative

68323 (7/97)

**New Hampshire Insurance Company**

This Endorsement effective 12:01 AM. forms a part of

Policy No.

By

Issued to

**PROFESSIONAL LIABILITY INSURANCE POLICY**

**Retroactive Date Endorsement**

This policy is amended as follows:

In consideration of payment of an additional premium of$ and for the purposes of this endorsement only,

1. The Declarations page is amended to include the following: Retroactive Date:---------------
2. Coverage under this policy is extended to include **claims** for **wrongful acts** arising solely in the conduct of **your** activities as covered under this policy, but only if the **wrongful act** occurred after the retroactive date and before the inception date of the **policy period** and is reported in writing to **us** during the **policy period.**

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

68324 (7/97)

### ..

-. New Hampshire Insurance Company

**Aestheticians & Electrologists / Day Spa Professional Liability**

**Memorandum**

The Aestheticians & Electrologists / Day Spa Professional Liability Program has been specifically designed to meet the unique needs of the industry. The Aestheticians & Electrologists portion of the program is designed to provide coverage to individual practitioners who provide aesthetic or electrolysis services. The Day Spa portion of the program is designed to be flexible enough to meet the diverse exposure needs of a full service spa.

Aestheticians and Electrologists'a e the primary exposures for the program. Other exposures including Hydrotherapy Tubs/Tables, Masseuse, Manicurists, Beauticians, Tanning Beds, and Exercise Equipment should be considered incidental.

**EXHIBIT 1: DERIVATION OF INDICATED RATE LEVELS**

The rates for the various coverages are based on those in use by competitors and on underwriting judgment. The pure premium method was used to derive indicated rates by extracting the pure premium from competitor's rates and applying New Hampshire Insurance Company's expenses. Since the competitor's rate filings could not be obtained, it has been assumed that the profit underlying their current rates is comparable to New Hampshire Insurance Company's target underwriting profit. The competitor's expense components are those found in the most recent AM. Best's Aggregates & Averages. The commission for Century is assumed to be 15% (since A.M. Best's listed net commission is -5. 7%}.

Aestheticians: The proposed rate was adopted from the Associated Bodywork & Massage Professionals Program, which is underwritten by Acceptance Insurance Company. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Electrologists: The proposed rate was adopted from the Allied Health Association Program, which is underwritten by Gen Star Insurance Company, a division of General Re. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Masseuse: The proposed rate was adopted from the Associated Bodywork & Massage Professionals Program, which is underwritten by Acceptance Insurance Company. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Beautician/Manicurist: Occasionally, Day Spa operations offer hair styling and manicure services. The rate of $100 per beautician/manicurist was selected using underwriting judgement for this incidental exposure. Our research found several companies (Kemper, C.N.A., National Union} which offer similar coverage, charging rates that range from $50 to $250 per operator. The rates contemplate $1 million/ $2 million limits of liability. The base rate has been selected to be in line with competitors and reflects the difference in limits of liability and deductibles.

Tanning Beds: Day Spa operations may also offer the use of a tanning bed on a charge per use or on a complimentary basis. The rate of $200 per unit was selected using information from the currently filed rates of National Union Fire Insurance Company of Pittsburgh, PA. The National Union rate is based on a per session basis. The proposed rate contemplates an average of 2,000 tanning sessions per year at $1 million/ $2 million limits of liability. The average was determined by calculating the expected visits per year and multiplying this by the expected occupancy. Three 20-minute sessions per hour, at 10 hours of operation per day, are 30 visits per day and approximately 10,000 visits per year. Assuming an occupancy rate of 20%, the average is 2,000 sessions per year.

Hydrotherapy Tubs/Tables: A small percentage of aestheticians provide hydrotherapy services. The proposed rate is based upon underwriting judgement. A proposed rate of $100 for each hydrotherapy table or tub shall contempl.ate the additional exposure of water base treatments and the potential slip and fall exposure during treatment. We were not able to identify any admitted insurance company offering such coverage. The rate contemplates $1 million / $2 million limits of liability.

Exercise Equipment: Similar to hydrotherapy tubs and tables, Day Spa's may offer use of exercise equipment to coincide with aesthetics treatments. The proposed rate is based upon underwriting judgement. A proposed rate of $100 for each unit of exercise equipment shall contemplate the additional exposure of the equipment and reflect the potential of bodily injury during treatment. We were not able to identify any admitted insurance company offering such coverage. The rate contemplates $1 million / $2 million limits of liability.

**EXHIBIT 2: EXPENSE PROVISIONS AND DETERMINATION OF EXPECTED LOSS RATIO**

Expense provisions are based on the expenses found for other liability in American Home

/ National Union/ New Hampshire Group's Insurance Expense Exhibit. The commission & brokerage used is program specific. A 5% loading factor for underwriting profit and contingencies is included in the calculation of the expected loss and LAE ratio.

**EXHIBIT 3: INVESTMENT INCOME EXHIBITS**

The investment income exhibits are based on American Home *I* National Union/ New Hampshire Group Annual Statement experience, other liability premiums and program specific projected expenses. The methodology is the same as that used by the Insurance Services Office. The profit and contingencies factor has been offset for investment income.

New Hampshire Insurance Company

Aestheticians & Electrologists / Day Spa Professional Liability

Exhibit 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Limits | **A**  $1M / $1M | B  $1M | C  $2M /$3M | D  $1M | E  $1M/$1M |
| **Deductible** | $0 | $0 | $0 | $1,000 | $1,000 |
| **Rate** |  |  |  |  |  |
| Aesthetician |  | $199 | $229 | $200 | $200 |
| Masseuse |  |  | $229 | $200 | $200 |
| Manicurist |  |  |  | $56 | $30 |
| Beauticians |  |  |  | $95 | $40 |
| Electrologist | $250 | $199 |  | $171 | $200 |
| Hydrotherapy Tub/Table  Tanning Beds |  |  |  | $330 | $206 |
| Exercise Equipment |  |  |  | $152 |  |
| **Expenses** |  |  |  |  |  |
| Commissions \* | 14.40% | 15.80% | 26.00% | 15.00% | 17.50% |
| Other Acquisition | 4.70% | 7.80% | 6.80% | 8.40% | 5.50% |
| General | 8.80% | 4.90% | 2.20% | 6.10% | 3.02% |
| Taxes, Licenses & Fees | 3.40% | 0.10% | 0.40% | 6.90% | 2.17% |
| Profit (ref. inv. inc.) # -7.91% -7.91% -7.91% -7.91% -7.91% | | | | | |
| **Total** | 23.39% | 20.69% | 27.49% | 28.49% | 20.28% |

\* The commissions for Century is assumed to be 15% (since A.M. Best's listed net commissions is -5.7%).

# Since the competitor's actual filings could not be obtained, it has been assumed that the profit underlying their current rates is comparable to New Hampshire Insurance Company's target underwriting profit.

**Pure Premium**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Aesthetician |  | $158 | $166 | $143 | $159 |
| Masseuse |  |  | $166 | $143 | $159 |
| Manicurist |  |  |  | $40 | $24 |
| Beauticians |  |  |  | $68 | $32 |
| Electrologist Hydrotherapy Tub/Table | $192 | $158 |  | $122 | $159 |
| Tanning Beds |  |  |  | $236 | $164 |
| Exercise Equipment |  |  |  | $109 |  |

**NHIC Expenses**

Commissions Other Acquisition

General Taxes, Licenses & Fees

17.50%

5.50%

3.02%

2.17%

Profit (ref. inv. inc.) -7.91%

Total Expected **Loss Ratio**

20.28%

79.72%

**NHIC Selected**

Indicated NHIC Rates using competitor's pure premium

($1 million/ $2 million)

$25 deductible

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Aesthetician | **A** | B  $198 | C  $208 | D  $179 | E  $200 | $200 |
| Masseuse |  |  | $208 | $179 | $200 | $200 |
| Manicurist |  |  |  | $50 | $30 | $100 |
| Beauticians |  |  |  | $85 | $40 | $100 |
| Electrologist | $240 | $198 |  | $153 | $200 | $200 |
| Hydrotherapy Tub/Table |  |  |  |  |  | $100 |
| Tanning Beds |  |  |  | $296 | $206 | $200 |
| Exercise Equipment |  |  |  | $136 |  | $100 |

**Companies**

A B C D E

Security Insurance of Hartford Gen Star

Acceptance Insurance Company Century Indemnity Company

National Union Fire Ins. Co. of Pitts. **Pa.**

Exhibit 2

**New Hampshire Insurance Company**

Aestheticians & Electrologists *I* Day Spa Professional Liability Expenses

|  |  |
| --- | --- |
| Commission & Brokerage | 17.50% |
| Other Acquisition | 5.50% |
| General Expenses | 3.02% |
| Taxes, Licenses, & Fees | 2.17% |

Profit & Contingency 5.00% Total Ex(2enses 33.19% Expected Loss & LAE Ratio 66.81%

American Home/ National Union/ New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

Other Liability

(OOO's)

1. UNEARNED PREMIUM RESERVE
   1. Other Liability Direct Earned Premium for Calendar Year 1996
   2. Mean Unearned Premium Reserve [0.608\* (1) ] (See Notes p. 2)

$3,281,336 1,995,021

Exhibit 3

Page 1

* 1. Deduction for Prepaid Expenses (See notes,p. 2)
     1. Commission and Brokerage ... '
     2. Taxes, Licenses and Fees
     3. 50% of Other Acquisition Expenses
     4. 50% of General Expenses

17.50%

2.17%

2.75%

1.51%

* + 1. Total 23.93%

|  |  |  |
| --- | --- | --- |
| 4. Deduction for Federal Taxes Payable (See Notes p. 2) |  | 7.0% |
| 5. Net Amount Subject to Investment Income [.(2) x (1.000 - (3) - (4))] |  | 1,377,961 |
| DELAYED REMISSION OF PREMIUMS (Agents' Balances) |  |  |
| 1. Direct Earned Premium [ (A.1) ] |  | 3,281,336 |
| 2. Average Agents' Balance (See Notes pp. 2-3) |  | 0.767 |
| 3. Delayed Remission [ (1) x (2) ] |  | 2,516,428 |
| LOSS RESERVE: |  |  |
| 1. Direct Earned Premium [ (A.1) ] |  | 3,281,336 |
| 2. Expected Incurred Loss and L.A.E. Reserves @ ELR: | 0.668 | 2,192,261 |
| 3. Expected Mean Loss Reserves [4.373 x (2)] (See Notes p. 3) |  | . 9,585,774 |
| NET AMOUNT SUBJECT TO INVESTMENT: [ (A.5) - (B.3) + (C.3) ] |  | 8,447,307 |
| E.  AVERAGE RATE OF RETURN ON INVESTED ASSETS (See Notes R,..A)\_ |  | 5.80% |
| F.  INVESTMENT EARNINGS ON NET SUBJECT TO INVESTMENT [ (D) x (E) ] |  | 490,013 |
| **G.**  AVERAGE RATE OF RETURN (As % of Direct Earned Premium} [ (F} / (A.1} ]  H. |  | 14.93% |
| AVERAGE RATE OF RETURN (After Federal Income Taxes[ (G) x 0.865] |  | 12.91%1 |

B.

**C.**

**D.**

American Home *I* National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

Exhibit 3 Page2

|  |  |
| --- | --- |
| LineA.1  Other Liability direct earned premium for calendar year 1996 as provided by American Home *I* National Union./ New Hampshire Group. |  |
| LineA.2 |
| The mean direct unearned premium reserve is determined by multiplying theOther Liability |
| direct earned premium in line (A.1) by the countrywide ratio of the mean direct unearned |
| premium reserve to the direct earned premium for 1996. See below for calculation of this |
| ratio. This ratio is based on data for Other Liability from page 14 of the Annual Statement |
| for American Home *I* National Union / New Hampshire Group |
|  | (In OOO's} |
| 1. Direct Earned Premium for Calendar Year 1996 | $ **3,281,336** |
| 2. Direct Unearned Premium Reserve as of 12/31/95 | 1,875,194 |
| 3. Direct Unearned Premium Reserve as of 12/31/9.6 | **2,114,848** |
| 4. Mean Direct Unearned Premium Reserve 1/2 ((2) + (3)) | **1,995,021** |
| 5. Ratio [(4)/(1)] | 0.6081 |
| Line A.3 |  |
| Deduction for prepaid expenses: |  |

Production costs and a large part of the other company expenses in connection with the writing and handling of the filed insurance coverage exclusive of claim adjustment expenses, are incurred when the policy is written

and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedure as shown.

LineA.4

Deduction for Federal Taxes Payable:

Taxable percentage of unearned premium reserves (Tax Reform Act of 1986):

Corporate Tax Rate:

20.0%

35.0%

Total Percentage of Unearned Premium Reserve: 7.0%1

Line B.2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premiums beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus. (continued)

American Home *I* National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes)

Other Liability

Exhibit 3

Page 3

|  |  |
| --- | --- |
| line 8.2(continued}  Agents' balances or uncollected premiums for premiums due less than 90 days are calculated as follows: |  |
|  | (In OOO's) |
| 1. Net Earned Premium for Calendar Year 1996 | $ 7,115,705 |
| 2. Net Agents' Balances as of 12/31/95 | 5,029,715 |
| 3. Net Agents' Balances as of 12/31/96 | 5,884,228 |
| 4. Mean Agents' Balances 1/2 x [(2) + (3)) | 5,456,972 |
| 5. Ratio [ (4) / (1)] | 0.7671 |

The above percentage must be multiplied by a factor of1.000 to include the effect of agents' balances

or uncollected premiums overdue for more than 90 days. The factor 1.000 is based on 1993 company data.

Final adjusted Agents' Balance: 0.76691



The expected loss and loss adjustment ratio reflects the expense provisions used in the filing.

Line C.3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (C.2) by the average countrywide ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in 1995 and 1996 for Other Liability Insurance. This ratio is based on Annual Statement Data.

1. Incurred Losses and L.A.E. for Calendar Year 1995
2. Incurred Losses and L.A.E. for Calendar Year 1996
3. Loss Reserves and L.A.E. as of 12/31/94
4. Loss Reserves and L.A.E. as of 12/31/95
5. Loss Reserves and L.A.E. as of 12/31/96 6. Mean Loss Reserve 1994: 1/2 [(3) + (4)) 7. Mean Loss Reserve 1995: 1/2 [(4) + (5)) 8. Ratio (6) / (1)

9. Ratio (7) *I* (2) 10. 1/2 [(8) + (9))

1. Loss reserve for American Home *I* National Union/ New Hampshire Group, selected
2. Estimated Reserve Discount
3. Federal Taxes Payable(% of Reserves): (12) x .35

**14. (11) X [1.0-** (13)]

(In OOO's)

2,625,211

2,161,158

11,436,302

11,512,281

10,995,701

11,474,292

11,253,991

4.371

5.207

4.789

4.790

24.9%

0.087

4.3731

American Home / National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

Exhibit 3 Page4

The rate of return is the ratio of net investment income earned and net realized capital gains (or losses) to mean cash and invested assets (including interest, dividends, and real estate income due and accrued).

|  |  |  |  |
| --- | --- | --- | --- |
|  | Net Investment Income Earned | Mean Cash and Invested Assets | Rate of |
| Year | (loJ)OO's} | (In OOO's) | Return |
| 1995 | 1,067,588 | 20,395,682 | 5.23% |
| 1996 | 1,057,710 | 21,691,848 | 4.88% |
| Total | 2,125,298 | 42,087,530 | 5.06% |
|  | Realized Capital | Mean Cash and |  |

Gains (or Losses) Invested Assets

Year (In OOO's} (In 00--°-'.s.) 1987-1996 1,179,428 158,187,991

Rate of Return

0.75%

Total Rate of Return:

Net Investment Income Earned and Net Realized Capital Gains (or Losses) 5.80%1

The average rate of Federal Income Tax was determined by applying the appropriate tax rates to the distribution of investment income earned for 1996 for the American Home / National Union / New Hampshire Group.

|  |  |  |
| --- | --- | --- |
|  | | Federal |
| Net Investment Income Earned | Rate of Return  5.06% | Income  Tax Rate  0.104 |
| Net Realized Capital Gains (or Losses) | 0.75% | 0.350 |
| Total | 5.80% | 0.135 |

1.000 - Federal Income Tax Rate 0.8651

American Home *I* National Union / New Hampshire Group

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

(Explanatory Notes) Other Liability

Exhibit 3

Page 5

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Line H (continued)  B..ond.s | ,Investment Income Earned |  | Federal Income Tax Rate |  |
| Taxable | $ 160,833 |  |  | 0.350 |
| Non-Taxable | 665,097 |  |  | Q\_J)\_26 |
| Total | $ 825,930 | **(A)** |  | 0.089 |
| Sto.cks |  |  |  |  |
| Taxable | $ **75,048** |  | **0.123** | |
| Non-Taxable | 8.1.Q.2.3 |  |  | |
| Total | $ 156,071 | (B) | 0.059 | |

Mortga\_ge Loans and Real Estate

|  |  |  |
| --- | --- | --- |
| Mortgage Loans | $ 0 |  |
| Real Estate | 391 |
| Collateral Loans | **342** |
| Cash on Deposit | **872** |
| Short Term Investments | **3,938** |
| All Other | 146,778 |
| Sub-Total | $ **152,321** | 0.350 |
| Total | $ 1,134,322 | 0.120 |
| Investment Deductions | $ **76,432** | 0.350 |
| Net Investment Income Earned | $ 1,057,890 | **0.104** |

(A) Assume 50% of the income on tax-exempt bonds is subject to proration; that is, 15% of that income is taxed at the full corporate income tax rate of 35%. The applicable tax rate is thus 2.6%. ((.50 x .15 x .35) = .026)

1. 30% of dividend income is subject to the full corporate income tax rate of 35%. Assume 50% of the dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus 12% ((.30 x .35) + (.50 x .70 x .15 x .35) = .123).

New Hampshire Insurance Company

/\osth,)ticians & fa ctrologists Program

**Aestheticians** & **Electrologists Professional Liability Insurance Program Rates** & **Rules**

* 1. **Program Background**

The Aestheticians & Electrologists Professional Liability Insurance Program is designed to provide professional liability insura.ll.9e to businesses that offer aesthetician and/or electrology services.

An **aesthetician** is a person who practices aesthetics. Aesthetics means any one or a combination of the following skin care practices which are performed for cosmetic purposes.

* + - Massaging, cleansing, stimulating, manipulating, exercising, beautifying, or applying oils, creams, antiseptics, clays, lotions or other preparations, either by hand or by mechanical or electrical appliance.
    - Arching eyebrows or tinting eyebrows and eyelashes.
    - Removing superfluous hair by means other than electrolysis.

**An electrologist** is a person or practitioner of electrolysis. Electrolysis is defined as the erad\_ication of unwanted hair for cosmetic purposes through the use of **FDA** approved techniques such as an electrified needle, radio frequency energy, galvanic current, or laser type treatments.

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act / $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

* 1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + - Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
    - Applicant must be licensed, if required by law.
    - Applicant may not average more than two claims per professional over the last three years.
    - Applicant must be in good financial shape with no prior bankruptcies.

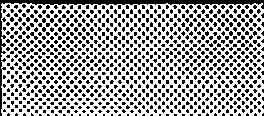
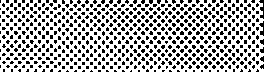
New Hampshire Insurance Company

1 \ stheticians & Eiec'h·o1ogists Prrogram

* 1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Class | $1 Million/ $2 Million First Person Each Addt'l | | $2 Million/ $4 Million First Person Each Addt'l | |
| Aesthetician | $200 | $75 | $264 | $99 |
| Electrologist | $200 | $75 | $264 | $99 |
| Hydrotherapy Tub/fable | $100  per unit |  | $132  per unit |  |

A 50% discount shall apply to aesthetician or electrologist students.

* 1. **Deductible**

**A** $25 property damage deductible shall apply per claim. No other options are available.

* 1. **Increased Limits**

See above. No other options are available.

* 1. **Optional Coverages**

Coverage

* + - Premises Coverage

Form# Premium Charge

68320 (7/97) Charge per location

$100 @ $1 million/$2 million limits

$132 @$2 million/$4 million limits

* + - Additional Insured
    - Retroactive Date Coverage (Prior Acts)
  1. **Application**

68323 (7/97)

68324 (7/97)

Included

Multiply premium times 1.50

The Aestheticians & Electrologists Professional Liability Insurance Application, fonn 68319(7/97) must be completed for coverage.

Final (9/97) 2

**New Hampshire Insurance Company**

,.

J\.esU1eticians & E1ectrologists Program

* 1. **Policy Forms**

**Mandatory Forms**

68317 (7/97)

68318 (7/97)

68322 (7/97)

68319 (7/97)

New Hampshire Insurance Company Professional Liability Declarations· New Hampshire Insurance Company Professional Liability Coverage Policy Aestheticians & Electrologists Endorsement

Aestheticians & Electrologists Professional Liability Insurance Application

**Optional Coverages**

68320 (7/97)

68323 (7/97)

68324 (7/97)

Premises Coverage Endorsement Additional Insured Endorsement Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

**New Hampshire Insurance Company Day Spa Program**

**Day Spa Professional Liability Insurance Program Rates & Rules**

1. **Program Background**

The Day Spa Professional Liability Insurance Program is designed to provide professional liability insurance for Day Spa businesses.

A **Day Spa** is a type of beauty salon or aesthetic clinic which offers a variety of treatments to customers for cosmetic purposes for a fee. Day Spa treatments may include any of the following:

* + Facials & Skin Cleansing
  + Ex.foliation
  + Waxing
  + BodyWraps
  + Massage & Touch Therapy
  + Hydrotherapy
  + Aromatherapy
  + Oil Treatments
  + Mud, Clay & Seaweed Treatments
  + Tanning Beds
  + Manicure & Pedicure
  + Electrolysis by electrified needle, radio frequency energy, galvanic current or laser treatments
  + Personal Trainers / Exercise Equipment

The program provides standard professional liability coverages. Coverage is written on an occurrence form with defense in addition to the limits.

Minimum limits of liability are $1 million per wrongful act / $2 million aggregate. Optional limits of $2 million per wrongful act/ $4 million aggregate are available. A $25 property damage deductible shall apply per claim.

1. **Program Eligibility**

Eligible applicants will meet the following criteria.

* + Applicant must be in business at least three full years or be able to demonstrate sufficient industry experience or expertise.
  + Applicant must be licensed, if required by law.

**Final (9/97)**

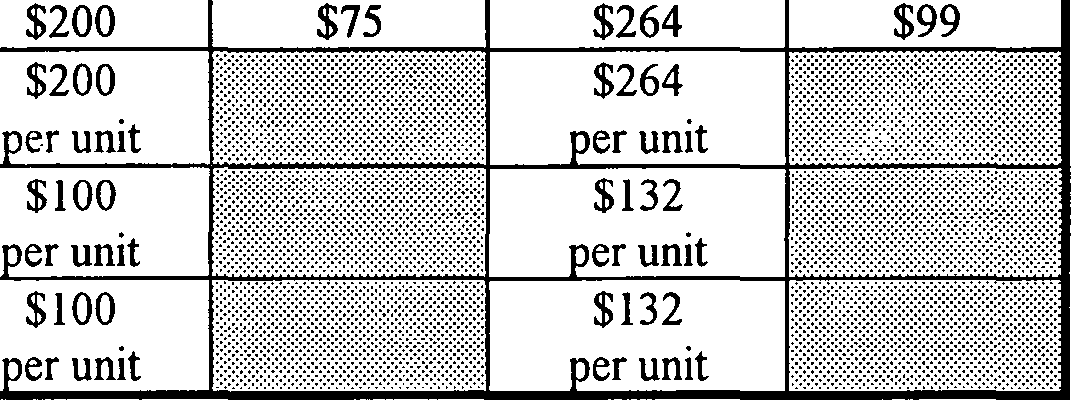
**New Hampshire Insurance Company Day Spa Program**

* + - Applicant may not average more than two claims per professional over the last three years.
    - Applicant must be in good financial shape with no prior bankruptcies.

1. **Premiums**

The following premiums shall apply.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Class | $1 Million/$2 Million First Perso Each Addt'l | | | $2 Million/ First Person | $4 Million Each Addt'l |
| Aesthetician |  | $200 | $75 | $264 | $99 |
| Masseuse |  | $200 | $75 | $264 | $99 |
| Manicurist |  | $100 | $50 | $132 | $66 |
| Beauticians |  | $100 | $50 | $132 | $66 |
| Electrolo ist |  |  | | | |
| Tanning Beds |  |
| Hydrotherapy Table/fub |  |  | | | |
| Exercise E ui ment |  |

1. **Deductible**

A $25 property damage deductible shall apply per claim. No other options are available.

1. **Increased Limits**

See above. No other options are available.

1. **Minimum Premium**

**A** $500 minimum policy premium shall apply.

*-=..,* .• '

**New Hampshire Insurance Company**

**Day Spa Program**

1. **Optional Coverages**

|  |  |  |
| --- | --- | --- |
| Coverage | Form# | Premium Charge |
| * Premises Coverage | 68320 (7/97) | Charge per location  $100 @ $1 million/$2 million limits |
|  |  | $132 @ $2 million/$4 million limits |
| * Additional Insured | 68323 (7/97) | Included |
| * Retroactive Date Coverage | 68324 (7/97) | Multiply premium times 1.50 |
| (Prior Acts) |  |  |

1. **Application**

The Day Spa Professional Liability Application, form 68319 (7/97) must be completed for coverage.

I. **Policy Forms**

**Mandatory Forms**

68317 (7/97)

68318 (7/97)

68321 (7/97)

68319 (7/97)

New Hampshire Insurance Company Professional Liability Declarations New Hampshire Insurance Company Professional Liability Coverage Policy Day Spa Endorsement

Day Spa Professional Liability Insurance Application

**Optional Coverages**

68320 (7/97)

68323 (7/97)

68324 (7/97)

Premises Coverage Endorsement Additional Insured Endorsement Retroactive Date Endorsement

**State Amendatory Forms**

See attached.

Final (9/97)