

NYPIUA PRODUCER NEWS

OCTOBER 2011

NEW COMMERCIAL LOSS COSTS AND COMMERCIAL RATING FORMULA

This important announcement is being issued to inform you that the Insurance Services Office (ISO) has introduced a change to the commercial rating methodology in conjunction with revised Commercial Loss Costs. A new rating factor was promulgated because ISO observed that average property losses sustained by policies written at higher limits are generally a smaller percentage of the limit than losses sustained by policies written at lower limits. As a result, a factor is being added to the rating formula to reflect the varying loss potential by limit of insurance. The effect on each policy may vary depending on location and building type.

The new commercial rating formula follows:

ISO Loss Cost x NYPIUA Loss Cost Multiplier x ISO Factors Relating to Individual Rules and Coverage Requested x Limit of Insurance Factor x NYPIUA Adjustment x Insurance Amount/Hundred = Premium

The Loss Cost Multipliers and Adjustment Factors remain unchanged:

	Loss Cost Multipliers:
Fire:	1.786
Allied Lines:	1.786
	Adjustment Factors:
Contents of Retail-Type Stores located in store-type premises, operating in a single location and owned and operated by persons related by blood or affinity	1.152
Real Property of Eleemosynary (created for charitable or benevolent purposes) institutions used exclusively for eleemosynary purposes and furnishings and personal property contained therein	1.152
Apartments or Apartment/Mercantiles with more than four, but not exceeding eight dwelling units	1.248
Apartments or Apartment/Mercantiles with more than eight units	1.344
All Others	1.248

The new commercial loss costs will go into effect October 1, 2011 for new business and December 1, 2011 for renewals.

WINDSTORM COVERAGE INFORMATION

Hurricane season does not officially end until November 30, 2011. It is not too late to review your clients' policies to assure that they are covered against windstorm damage (part of Extended Coverage).

To include Extended Coverage on a policy, simply file an endorsement request by accessing www.nypiua.com and selecting "My Account," "Make Changes to Your Policy," and click "Increase Coverage Amount/Add Cause(s) of Loss/Add Coverage." Then select "Dwelling Building, Household Furnishings, Additional Living Expense, Improvements, Alterations & Additions." Complete the form paying special attention to the "Add New Cause(s) of Loss" portion in the Endorsement section.

Policyholders who have had windstorm coverage excluded because they have NOT complied with the requirements of our windstorm program, may acquire windstorm coverage by arranging for an architect or engineer to inspect the property and submit the necessary documentation. Deficiencies identified must be corrected. Forms and guidelines can be found on our website at "My Account." Then click on "To Print a Form" and select section 11, 11.1, or 11.2.

Discuss the importance of windstorm coverage with your clients. Encourage property owners to be properly insured in the event of a windstorm catastrophe.