



# MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

Two Center Plaza  
Boston, Massachusetts 02108-1904  
(617) 723-3800, MA Only (800) 392-6108, FAX (617) 557-5675

February 24, 2010

TO: All Massachusetts Producers

## **Commercial Property Rates and Rules Revision Effective March 31, 2010**

The Massachusetts Property Insurance Underwriting Association (MPIUA) has filed and the Division of Insurance has approved a revision to the Basic Group I and Group II rates to be effective for all new and renewal policies with an inception date of **March 31, 2010** or later.

Revised Loss Cost Multipliers (LCMs) are as follows:

	Boston	Rest of the State
LCM applicable to Basic Gr I Loss Costs	12.184	9.179
LCM applicable to Basic Gr II Loss Costs	3.177	3.177

For class rated risks, the above LCMs are to be used in conjunction with Basic Group I and Basic Group II Loss Costs contained in ISO's Commercial Lines Manual Notice CF-MA-2009-LC-001.

For specifically rated risks, the above LCMs are to be used in conjunction with ISO published Basic Group I and Group II loss costs effective/distribution date of April 1, 2009.

Concurrent with the rate revision, the MPIUA will also adopt Additional Rule titled Water Exclusion. MPIUA will attach the Water Exclusion Endorsement CP 10 32 to all Commercial Policies.

Please note that MPIUA does not distribute ISO's loss costs or rules manual pages.

To assist you in rating of your commercial risks we have enclosed a copy of our Commercial Property Premium Computation Worksheet along with updated rating examples.

Following review of this material, should you have any questions, please consult the text of ISO's Commercial Lines Manual – Division Five – Fire and Allied Lines (Multistate and Massachusetts Rules and Loss Costs) distributed by the Insurance Services Office or contact our Consumer Services or Underwriting Departments.

Very truly yours,

James H Pappas  
Vice President, Underwriting

JHP:ed  
Enclosures

Letters to Agents/CF rate revise-03.10

*Did you check your smoke detectors today!*

**COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET - IMMEDIATE COVERAGE**

MPIUA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. MPIUA GR. I & GR. II Loss Cost Multipliers ( LCM ) are provided in MPIUA rate revision announcements. References in brackets [ ] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

**SECTION (A) : PROVISIONAL RATES**

<b>GR. I Provisional Rates</b>	<b>80% Co</b>	<b>Flat Ins.</b>	<b>GR. II Prov. Rate</b>	<b>Coinurance</b>	<b>Flat Insurance</b>
<b>TYPE OF RISK</b>			<b>CONST:</b>	<b>80% , 90% or 100%</b>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-1].		

**SECTION (B) : WORKSHEET**

<b>{ } CLASS RATED RISKS - USING ISO MANUAL</b>	
Construction :	Protection : _____
{ } Frame { } Joisted Mas. { } Non Comb.	CSP Code : _____
{ } Mas. Non-Comb. { } Fire Resistive { } Mod. Fire Res.	

<b>{ } SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :</b>
CSP CODE :
RCP CODE

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

- Enter Basic GR. I 80% Coin. Loss Cost
- \* Protection Class Multiplier [CF-E-31]
- \* Territorial Multiplier [CF-LC-17 thru CF-LC-27]
- # Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]
- Credit if Vandalism not requested [CF-MLC-6]
- Standard Property Policy Multiplier [CF-67]
- Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]
- Deductible Adjustment, if other than \$500 [CF-E-30]
- Apply GR. I Loss Cost Multiplier

**GROUP I PREMIUM ( round to nearest \$)----->**

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

- ISO Basic GR. II Symbol & Corresponding 80% Coinurance Loss Cost [CF-68,CF-LC-1]
- Building Code Effectiveness Grading Factor [CF-E-2]
- Standard Property Policy Multiplier [CF-67]
- Coinurance Adjustment, If other than 80% [CF-71]
- Deductible Adjustment, if other than \$500 [CF-E-30]
- Apply GR. II Loss Cost Multiplier

**GROUP II PREMIUM ( round to nearest \$)----->**

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted		Adjusted
	Loss Cost		Loss Cost
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
-	_____	-	_____
x	0.98	x	0.98
+ or x	_____	+ or x	_____
x	_____	x	_____
x	_____	x	_____
	Final GR. I Rate		Final GR. I Rate
	(1) _____		(2) _____
	Adjusted		Adjusted
	Symbol Loss Cost		Symbol Loss Cost
x	_____	x	_____
x	0.98	x	0.98
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
	Final GR. II Rate		Final GR. II Rate
	(3) _____		(4) _____

Tenant Relocation Expense Charge/Unit= 7.5xFinal GR I Rate(Bldg.)[CF-E-3] = 7.5 x \_\_\_\_\_ = \$ \_\_\_\_\_ (\$10 Max)

Tenant Relocation Expense Premium (No. of Units \_\_\_\_\_) = \$ \_\_\_\_\_ (5)

Terrorism Premium (call MPIUA for premium charged) = \_\_\_\_\_ (6)

TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) = \$ \_\_\_\_\_

\* Skip this step, if Special Class or Specific Rated Risk. # Skip this step, if Class Rated Risk.

**COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET - IMMEDIATE COVERAGE**

**EXAMPLE 1: 2 STORY JOISTED MASONRY BUILDING OCCUPIED AS A TAVERN. BOSTON ZIP CODE 02121, LIMIT OF INSURANCE \$125,000, 80% CO-INSURANCE, \$500 DEDUCTIBLE.**

MPIUA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. MPIUA GR. I & GR. II Loss Cost Multipliers ( LCM ) are provided in MPIUA rate revision announcements. References in brackets [ ] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

**SECTION (A) : PROVISIONAL RATES**

<u>GR. I Provisional Rates</u>	<u>80% Co</u>	<u>Flat Ins.</u>	<u>GR. II Prov. Rate</u>	<u>Coinsurance</u>	<u>Flat Insurance</u>
<u>TYPE OF RISK</u>			<u>CONST:</u>	<u>80% , 90% or 100%</u>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-1].		

**SECTION (B) : WORKSHEET**

{ <b>X</b> } CLASS RATED RISKS - USING ISO MANUAL Construction :  { } Frame { <b>X</b> } Joisted Mas. { } Non Comb.  { } Mas. Non-Comb. { } Fire Resistive { } Mod. Fire Res.	Protection :	<b>02</b>	{ } SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :  CSP CODE :  RCP CODE
	CSP Code :	<b>0541</b>	

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

Enter Basic GR. I 80% Coin. Loss Cost

\* Protection Class Multiplier [CF-E-31]

\* Territorial Multiplier [CF-LC-17 thru CF-LC-27]

# Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]

Credit if Vandalism not requested [CF-MLC-6]

Standard Property Policy Multiplier [CF-67]

Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]

Deductible Adjustment, if other than \$500 [CF-E-30]

Apply GR. I Loss Cost Multiplier

**GROUP I PREMIUM ( round to nearest \$)----->**

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-1]

Building Code Effectiveness Grading Factor [CF-E-2]

Standard Property Policy Multiplier [CF-67]

Coinsurance Adjustment, If other than 80% [CF-71]

Deductible Adjustment, if other than \$500 [CF-E-30]

Apply GR. II Loss Cost Multiplier

**GROUP II PREMIUM ( round to nearest \$)----->**

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted		Adjusted
	Loss Cost		Loss Cost
	<b>.228</b>		
x	<b>.92</b>	x	
	<b>.210</b>		
x	<b>884</b>	x	
	<b>.186</b>		
x		x	
-		-	
x	<b>0.98</b>	x	<b>0.98</b>
	<b>.182</b>		
+ or x		+ or x	
x		x	
x	<b>12.184</b>	x	
	<b>2.217</b>		
	Final GR. I Rate		Final GR. I Rate
(1)	<b>\$2,771</b>	(2)	
	Adjusted		Adjusted
	Symbol Loss Cost		Symbol Loss Cost
	<b>B</b>		
	<b>.042</b>		
x		x	
x	<b>0.98</b>	x	<b>0.98</b>
	<b>.041</b>		
x		x	
x		x	
x	<b>3.177</b>	x	
	<b>.130</b>		
	Final GR. II Rate		Final GR. II Rate
(3)	<b>\$163</b>	(4)	

Tenant Relocation Expense Charge/Unit= 7.5xFinal GR I Rate(Bldg.)[CF-E-3] = 7.5 x \_\_\_\_\_ = \$ \_\_\_\_\_ (\$10 Max)

Tenant Relocation Expense Premium (No. of Units \_\_\_\_\_) = \$ \_\_\_\_\_ (5)

Terrorism Premium (call MPIUA for premium charged) = \$ **320** (6)

TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) + (6) = \$ **\$3,254**

\* Skip this step, if Special Class or Specific Rated Risk. # Skip this step, if Class Rated Risk.

**COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET - IMMEDIATE COVERAGE**

**EXAMPLE 2: 2 STORY JOISTED MASONRY BUILDING OCCUPIED AS A BOWLING ALLEY. SOMERVILLE ZIP CODE 02145, LIMIT OF INSURANCE \$200,000, 80% CO-INSURANCE, \$500 DEDUCTIBLE.**

MPIUA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. MPIUA GR. I & GR. II Loss Cost Multipliers ( LCM ) are provided in MPIUA rate revision announcements. References in brackets [ ] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

**SECTION (A) : PROVISIONAL RATES**

<b>GR. I Provisional Rates</b>	<b>80% Co</b>	<b>Flat Ins.</b>	<b>GR. II Prov. Rate</b>	<b>Coinsurance</b>	<b>Flat Insurance</b>
<b>TYPE OF RISK</b>			<b>CONST:</b>	<b>80% , 90% or 100%</b>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II. LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-1].		

**SECTION (B) : WORKSHEET**

{ } CLASS RATED RISKS - USING ISO MANUAL Construction :  { } Frame { } Joisted Mas. { } Non Comb.  { } Mas. Non-Comb. { } Fire Resistive { } Mod. Fire Res.	Protection : _____  CSP Code : _____	{ X } SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :  CSP CODE : <b>0841</b>  RCP CODE <b>4103</b>
--	--	---

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

- Enter Basic GR. I 80% Coin. Loss Cost
- \* Protection Class Multiplier [CF-E-31]
- \* Territorial Multiplier [CF-LC-17 thru CF-LC-27]
- # Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]
- Credit if Vandalism not requested [CF-MLC-6]
- Standard Property Policy Multiplier [CF-67]
- Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]
- Deductible Adjustment, if other than \$500 [CF-E-30]
- Apply GR. I Loss Cost Multiplier

**GROUP I PREMIUM ( round to nearest \$)----->**

**AFTER EACH CALCULATION STEP  
ROUND TO 3 DECIMAL PLACES**

- ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-1]
- Building Code Effectiveness Grading Factor [CF-E-2]
- Standard Property Policy Multiplier [CF-67]
- Coinsurance Adjustment, If other than 80% [CF-71]
- Deductible Adjustment, if other than \$500 [CF-E-30]
- Apply GR. II Loss Cost Multiplier

**GROUP II PREMIUM ( round to nearest \$)----->**

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted		Adjusted
	Loss Cost		Loss Cost
	<b>0.170</b>		
x	_____	x	_____
x	_____	x	_____
x	_____	x	_____
-	_____	-	_____
x	<b>0.98</b>	x	<b>0.98</b>
	<b>.167</b>		
+ or x	_____	+ or x	_____
x	_____	x	_____
x	<b>9.179</b>	x	_____
	<b>1.533</b>		
	Final GR. I Rate		Final GR. I Rate
(1)	<b>\$3,066</b>	(2)	_____
	Adjusted		Adjusted
	Symbol		Symbol
	Loss Cost		Loss Cost
	<b>B</b>		
	<b>.042</b>		
x	_____	x	_____
x	<b>0.98</b>	x	<b>0.98</b>
x	_____	x	_____
x	_____	x	_____
x	<b>3.177</b>	x	_____
	<b>.130</b>		
	Final GR. II Rate		Final GR. II Rate
(3)	<b>\$260</b>	(4)	_____

Tenant Relocation Expense Charge/Unit= 7.5xFinal GR I Rate(Bldg.)(CF-E-3] = 7.5 x \_\_\_\_\_ = \$ \_\_\_\_\_ (\$10 Max)

Tenant Relocation Expense Premium (No. of Units \_\_\_\_\_) = \$ \_\_\_\_\_ (5)

Terrorism Premium (call MPIUA for premium charged) = \$ **18** (6)

TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) + (6) = \$ **\$3,344**

\* Skip this step, if Special Class or Specific Rated Risk. # Skip this step, if Class Rated Risk.

**COMMERCIAL PROPERTY PREMIUM COMPUTATION WORKSHEET - IMMEDIATE COVERAGE**

**EXAMPLE 3: 3 STORY FRAME BUILDING CONTAINING 8 APARTMENT UNITS. BOSTON DISTRICT A ZIP CODE 02127, LIMIT OF INSURANCE \$75,000 FLAT CO-INSURANCE, \$1,000 DEDUCTIBLE.**

MPIUA calculates premiums using Rules & Loss Costs in Division Five Of ISO's Commercial Lines Manual or Loss Costs in ISO's Specific Rate Publications. MPIUA GR. I & GR. II Loss Cost Multipliers ( LCM ) are provided in MPIUA rate revision announcements. References in brackets [ ] are to page numbers in ISO's Commercial Lines Manual. For Immediate Coverage use provisional rates shown in Section (A) below or as developed in Worksheet in Section (B).

**SECTION (A) : PROVISIONAL RATES**

<b>GR. I Provisional Rates</b>	<b>80% Co</b>	<b>Flat Ins.</b>	<b>GR. II Prov. Rate</b>	<b>Coinsurance</b>	<b>Flat Insurance</b>
<b>TYPE OF RISK</b>			<b>CONST:</b>	<b>80% , 90% or 100%</b>	
Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II. LCM	3.0 x AA x GR. II LCM
Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II LCM	3.0 x A x GR. II LCM
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II LCM	3.0 x AB x GR. II LCM
Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B x GR. II LCM	3.0 x B x GR. II LCM
No adjustments to provisional rates are needed.			Use GR. II Loss Cost for applicable GR. II symbol (AA, A, AB, B) based on construction [CF-LC-1].		

**SECTION (B) : WORKSHEET**

<input checked="" type="checkbox"/> CLASS RATED RISKS - USING ISO MANUAL		<input type="checkbox"/> SPECIFIC RATED RISKS - USING ISO RATE PUBLICATION :
Construction : Protection : <b>02</b>		CSP CODE :
<input checked="" type="checkbox"/> Frame <input type="checkbox"/> Joisted Mas. <input type="checkbox"/> Non Comb.	CSP Code : <b>0311</b>	RCP CODE :
<input type="checkbox"/> Mas. Non-Comb. <input type="checkbox"/> Fire Resistive <input type="checkbox"/> Mod. Fire Res.		

**AFTER EACH CALCULATION STEP ROUND TO 3 DECIMAL PLACES**

Enter Basic GR. I 80% Coin. Loss Cost

\* Protection Class Multiplier [CF-E-31]

\* Territorial Multiplier [CF-LC-17 thru CF-LC-27]

# Factor to exclude SL, if SL not requested for a sprinklered risk [CF-92]

Credit if Vandalism not requested [CF-MLC-6]

Standard Property Policy Multiplier [CF-67]

Coin Adjustment, If other than 80% [CF-68,CF-MLC-4]

Deductible Adjustment, if other than \$500 [CF-E-30]

Apply GR. I Loss Cost Multiplier

**GROUP I PREMIUM ( round to nearest \$)----->**

**AFTER EACH CALCULATION STEP ROUND TO 3 DECIMAL PLACES**

ISO Basic GR. II Symbol & Corresponding 80% Coinsurance Loss Cost [CF-68,CF-LC-1]

Building Code Effectiveness Grading Factor [CF-E-2]

Standard Property Policy Multiplier [CF-67]

Coinsurance Adjustment, If other than 80% [CF-71]

Deductible Adjustment, if other than \$500 [CF-E-30]

Apply GR. II Loss Cost Multiplier

**GROUP II PREMIUM ( round to nearest \$)----->**

Item 1 : Building		Item 2 : Your Business Personal Property	
	Adjusted Loss Cost		Adjusted Loss Cost
	<b>.141</b>		
x	<b>.92</b>	x	
	<b>.130</b>		
x	<b>.884</b>	x	
	<b>.115</b>		
x		x	
-		-	
x	<b>0.98</b>	x	<b>0.98</b>
	<b>.113</b>		
+ or x	<b>.178</b>	+ or x	
	<b>.291</b>		
x	<b>.96</b>	x	
	<b>.279</b>		
x	<b>12.184</b>	x	
	<b>3.399</b>		
	Final GR. I Rate		Final GR. I Rate
(1)	<b>\$2,549</b>	(2)	
	Adjusted Loss Cost		Adjusted Loss Cost
	Symbol <b>B</b>		Symbol
	<b>.046</b>		
x		x	
x	<b>0.98</b>	x	<b>0.98</b>
	<b>.045</b>		
x	<b>3</b>	x	
	<b>.135</b>		
x	<b>.92</b>	x	
	<b>.124</b>		
x	<b>3.177</b>	x	
	<b>.394</b>		
	Final GR. II Rate		Final GR. II Rate
(3)	<b>\$296</b>	(4)	

Tenant Relocation Expense Charge/Unit= 7.5xFinal GR I Rate(Bldg.)[CF-E-3] = 7.5 X **3.399** = **\$ 10** (\$10 Max)

Tenant Relocation Expense Premium (No. of Units) **8** = \$ **80** (5)

Terrorism Premium (call MPIUA for premium charged) = \$ **284** (6)

TOTAL REQUIRED PREMIUM = (1) + (2) + (3) + (4) + (5) + (6) = \$ **3,209**

\* Skip this step, if Special Class or Specific Rated Risk.

# Skip this step, if Class Rated Risk.