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

FAIR PLA

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 <u>March 31, 2010</u> 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,

ones H Parpas

James H Pappas Vice President, Underwriting

JHP:ed Enclosures

Letters to Agents/CF rate revise-03.10

Did you check your smoke detectors today!

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). <u>SECTION (A) : PROVISIONAL RATES</u>

	GR. I Provisional Rates	<u>80% Co</u>	Flat Ins.	GR. II Prov. Rate	Coinsurance Flat Insuran			nce		
	TYPE OF RISK			CONST:	<u>80% , 90% c</u>	<u>80% , 90% or 100%</u>				
	Sprinklered Frame Const	1.50	2.25	Superior	AA x GR. II.				GR. II LCM	
	Sprinklered Masonry Const	1.25	1.75	Wind Res.	A x GR. II L				GR. II LCM	
	Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res.	AB x GR. II				GR. II LCM	
	Non-Sprinklered Masonry Const	2.00	3.00	Ordinary	B X GR. II L		ost for applicab		GR. II LCM	
	No adjustments to provisional rates a				ed on construct					
	SECTION (B) : WORKSHEET									
{ } CLASS RATED RISKS - USING ISO MANUAL Construction :				Protection :			{ } SPECIFIC USING ISO R/			
	{ } Frame { } Joisted Mas. { } Non (Comb.		CSP Code :				Ξ:		
	{ } Mas. Non-Comb. { } Fire Resist	ive { } Moo	d. Fire Re				RCP CODE			
	AFTER EACH CALCULATION STEP ROUND TO 3 DECIMAL PLACES			Item 1 : B	our Business	3				
					Adjusted			Adjusted		
	Enter Basic GR. I 80% Coin. Loss Co	ost			Loss Cost			Loss Cost		
	Protection Class Multiplier [CF-E-31]			X		х				
	Territorial Multiplier [CF-LC-17 thru C	F-LC-27]		x		х				
#	Factor to exclude SL, if SL not									
	requested for a sprinklered risk [CF-	92]		х		х				
	Credit if Vandalism not requested [CF	-MLC-6]		-		-				
	Standard Property Policy Multiplier [C	F-67]		x <u>0.98</u>	8	х	0.98			
	Coin Adjustment, If other than 80% [C	CF-68,CF-M	LC-4]	+ or x		+ or x				
	Deductible Adjustment, if other than \$	500 [CF-E-	30]	x		х				
	Apply GR. I Loss Cost Multiplier			x		х				
					Final GR. I Rate	е		nal GR. I Rate	e	
	GROUP I PREMIUM (round to nea	rest \$)	>	(1)		1	(2)			
	AFTER EACH CALCULATION STEP ROUND TO 3 DECIMAL PLACES ISO Basic GR. II Symbol & Correspor Coinsurance Loss Cost [CF-68,0	-		Symbo	Adjusted Loss Cost		Symbol	Adjusted Loss Cost		
	Building Code Effectiveness Grading	Factor [CF-	E-2]	х		х				
	Standard Property Policy Multiplier [C	F-67]		x 0.98	8	х	0.98			
	Coinsurance Adjustment, If other than	n 80% [CF-7	'1]	x		х				
	Deductible Adjustment, if other than \$	500 [CF-E-	30]	х		х				
	Apply GR. II Loss Cost Multiplier			x	Final GR. II Rate	x	Fin	al GR. II Rate	9	
	GROUP II PREMIUM (round to nea	rest \$)	>	(3)		- -	(4)		<u>,</u>	
	Tenant Reloction Expense Charge/Un	nit= 7.5xFina	al GR I Ra	ate(Bldg.)[CF-E-3]	= 7.5		= \$		(\$10 Max)	
	Tenant Reloction Expense Premium ((No. of Units	5)	=	\$		(5)		
	Terrorism Premium (call MPIUA for p	remium cha	rged)		=			(6)		
	TOTAL REQUIRED PREMIUM = (1)				=	\$				
	* Skip this step, if Special Class or S	pecific Rate	d Risk.		# Skip this	s step,	if Class Rated	Risk.		
						L123\F	-wkshts\MPIUA-	CM-WS 03.3	1.10	

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**

GR. I Provisional Rates	80% Co	Flat Ins.	GR. II I	Prov. Rate	Coinsurance			Flat Insura	nce		
TYPE OF RISK					80% , 90% o	r 100%	6				
Sprinklered Frame Const	1.50	2.25						3.0 x AA >	GR. II LCM		
Sprinklered Masonry Const	1.25	1.75	Wind R	es.	A x GR. II L	СМ		3.0 x A x	GR. II LCM		
Non-Sprinklered Frame Const	3.00	4.50	Semi-V	/ind Res.	AB x GR. II I	LCM		3.0 x AB >	GR. II LCM		
Non-Sprinklered Masonry Const	2.00	3.00	Ordina	У	B x GR. II L				GR. II LCM		
No adjustments to provisional rates a	are needed.				Use GR. II Lo (AA, A, AB, E	oss Co 3) base	ost for applicabled on construct	e GR. II sy ion [CF-LC	mbol -1].		
SECTION (B) : WORKSHEET											
{ X } CLASS RATED RISKS - USING	G ISO MANL	JAL					{ } SPECIFIC				
Construction :			F	Protection :	02		USING ISO RA	ATE PUBLI	CATION :		
{ } Frame { X } Joisted Mas. { } No	n Comb.						CSP CODE :				
			(SP Code :	0541						
{ } Mas. Non-Comb. { } Fire Resis	tive { } Moo	I. Fire Re	s.				RCP CODE				
AFTER EACH CALCULATION STEP				Item 1 : Bui	Idina		ltem 2 · Y	our Busines	2		
ROUND TO 3 DECIMAL PLACES					nal Property	·					
					Adjusted			Adjusted			
Enter Basic GR. I 80% Coin. Loss Co	ost		_	.228	Loss Cost			Loss Cost			
* Protection Class Multiplier [CF-E-31]			× _	.92	.210	х					
* Territorial Multiplier [CF-LC-17 thru C	F-LC-27]		х	884	.186	х					
# Factor to exclude SL, if SL not											
requested for a sprinklered risk [CF	-92]		× _			х					
Credit if Vandalism not requested [CI	F-MLC-6]					-					
Standard Property Policy Multiplier [C	CF-67]		× _	0.98	.182	х	0.98				
Coin Adjustment, If other than 80% [0	CF-68,CF-MI	_C-4]	+ or x			+ or x					
Deductible Adjustment, if other than	\$500 [CF-E-3	30]	× _			х					
Apply GR. I Loss Cost Multiplier			× _	12.184	2.217 Final GR. I Rate	х	 Fir	nal GR. I Rat	2		
GROUP I PREMIUM (round to nea	arest \$)	>		(1)	\$2,771		(2)		-		
AFTER EACH CALCULATION STEP					Adjusted			Adjusted			
ROUND TO 3 DECIMAL PLACES				Symbol			Symbol	Loss Cost			
ISO Basic GR. II Symbol & Correspo				-							
Coinsurance Loss Cost [CF-68,	CF-LC-1]		-	В	.042						
Building Code Effectiveness Grading	Factor [CF-I	Ξ-2]	× _			х					
Standard Property Policy Multiplier [0	CF-67]		×	0.98	.041	х	0.98				
Coinsurance Adjustment, If other tha	n 80% [CF-7	1]	× _			х					
Deductible Adjustment, if other than	\$500 [CF-E-3	30]	× _			х					
Apply GR. II Loss Cost Multiplier			× _	3.177 F	.130 inal GR. II Rate	х	Fin	al GR. II Rat	Э		
GROUP II PREMIUM (round to nea	arest \$)	>		(3)	\$163		(4)		-		
Tenant Relocation Expense Charge/	Unit= 7.5xFir	al GR I R	ate(Bldg	g.)[CF-E-3]	= 7.5	x	= \$		(\$10 Max)		
Tenant Relocation Expense Premium	n (No. of Unit	S)		=	\$		(5)			
Terrorism Premium (call MPIUA for p	premium chai	ged)				\$	320	(6)			
TOTAL REQUIRED PREMIUM = (1)		•	+ (6)			\$	\$3,254				
* Skip this step, if Special Class or Specific Rated Risk.						# Skip this step, if Class Rated Risk.					

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). <u>SECTION (A) : PROVISIONAL RATES</u>

				-	0				
GR. I Provisional Rates	<u>80% Co</u>	Flat Ins.		Prov. Rate	Coinsurance	-	o./	Flat Insur	ance
<u>TYPE OF RISK</u> Sprinklered Frame Const	1.50	2.25	<u>CONS</u> Superi		80% , 90% c AA x GR. II.		<u>%</u>	30×44	x GR. II LCM
Sprinklered Masonry Const	1.50	2.25 1.75	Wind F		A x GR. II L				GR. II LON
Non-Sprinklered Frame Const	3.00	4.50	-	Vind Res.	AB x GR. II				x GR. II LCM
Non-Sprinklered Masonry Const		3.00	Ordina	ry	B x GR. II L				GR. II LCM
No adjustments to provisional rate	s are needed						ost for applical sed on construc		
SECTION (B) : WORKSHEET									
{ } CLASS RATED RISKS - USIN	G ISO MANU	JAL					{X} SPECIF	C RATED	RISKS -
Construction :				Protection :			USING ISO R		ICATION :
{ } Frame { } Joisted Mas. { } No	on Comb.			CSP Code :			CSP CODE :	0841	
{ } Mas. Non-Comb. { } Fire Res	sistive { } M	od. Fire Re					RCP CODE	4103	
AFTER EACH CALCULATION STEP ROUND TO 3 DECIMAL PLACES				Item 1 : Bu	ilding			Your Busines	
					Adjusted			Adjusted	
Enter Basic GR. I 80% Coin. Loss	Cost		_	0.170	Loss Cost			Loss Cost	
* Protection Class Multiplier [CF-E-3	1]		х			х			_
* Territorial Multiplier [CF-LC-17 thru	CF-LC-27]		х			х			_
# Factor to exclude SL, if SL not									-
requested for a sprinklered risk [C	CF-92]		х			х			_
Credit if Vandalism not requested	CF-MLC-6]		-			-			
Standard Property Policy Multiplier	[CF-67]		x	0.98	.167	х	0.98		-
Coin Adjustment, If other than 80%	5 [CF-68,CF-	MLC-4]	+ or x			+ or x	[-
Deductible Adjustment, if other that	n \$500 [CF-E	E-30]	×			х			-
Apply GR. I Loss Cost Multiplier			× _	9.179	1.533	х		inal GR. I Ra	
GROUP I PREMIUM (round to n	earest \$)	>		(1)	Final GR. I Rat \$3,066	e	(2)	inal GR. I Ra	
AFTER EACH CALCULATION STEP					Adjusted			Adjusted	
ROUND TO 3 DECIMAL PLACES				Symbol	Loss Cost		Symbol	Loss Cost	
ISO Basic GR. II Symbol & Corres Coinsurance Loss Cost [CF-6)	-	В	.042				_
Building Code Effectiveness Gradi	ng Factor [CI	F-E-2]	×			х			-
Standard Property Policy Multiplier	[CF-67]		× _	0.98	.041	х	0.98		-
Coinsurance Adjustment, If other the	han 80% [CF	-71]	×			х			-
Deductible Adjustment, if other that	n \$500 [CF-E	E-30]	×			х			-
Apply GR. II Loss Cost Multiplier			×	3.177	.130 inal GR. II Rate	x		n <mark>al GR. II R</mark> a	to
GROUP II PREMIUM (round to n	earest \$)	>		(3)	\$260	6	(4)		- -
Tenant Reloction Expense Charge	/Unit= 7.5xFi	nal GR I R	ate(Bld	g.)[CF-E-3]	= 7.5	X	= \$		(\$10 Max)
Tenant Reloction Expense Premiu)	- / 1	=	\$	·	(5)	7
Terrorism Premium (call MPIUA fo	-		/		=	\$	18	(6)	
TOTAL REQUIRED PREMIUM = (•	• /	+ (6)		=	ֆ \$	\$3,344		
* Skip this step, if Special Class of			. (0)		# Skin thi		, if Class Rated	l Risk.	
					" Chip th	- 5.00			

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.

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GR. I Provisional Rates	<u>80% Co</u>	Flat Ins.	. GR. II Prov. Rate		Coinsurance		Flat Insurance		
TYPE OF RISK			CONST:		<u>80% , 90% or 100%</u>				
Sprinklered Frame Const	1.50	2.25			AA x GR. II.		3.0 x AA x GR. II LCM		
Sprinklered Masonry Const	1.25	1.75			A x GR. II LCM		3.0 x A x GR. II LC		
Non-Sprinklered Frame Const	3.00	4.50	Semi-Wind Res. AB x GR. II LC				x GR. II LCM		
Non-Sprinklered Masonry Const	2.00	3.00	Ordina	ary	B x GR. II LCM		3.0 x B x GR. II LCN t for applicable GR. II symbol		
No adjustments to provisional rates a			(AA, A, AB, I	oss Cos B) basec	d on construction	on [CF-LC-	1].		
SECTION (B) : WORKSHEET									
{ X } CLASS RATED RISKS - USIN Construction :	G ISO MAN	IUAL		Protection :	02		{ } SPECIFIC		
{ X } Frame { } Joisted Mas. { } No	n Comb.			CSP Code :	0311		CSP CODE :		
{ } Mas. Non-Comb. { } Fire Resis	tive { } M	od. Fire R		CSP Code .	0311		RCP CODE		
AFTER EACH CALCULATION STEP				Item 1 : Bu	ilding		Item 2 : `	Your Busine	SS
ROUND TO 3 DECIMAL PLACES					-			onal Property	
					Adjusted			Adjusted	
Enter Basic GR. I 80% Coin. Loss C	ost		-	.141	Loss Cost			Loss Cost	
* Protection Class Multiplier [CF-E-31]			x	.92	.130	х			
 Territorial Multiplier [CF-LC-17 thru C # Factor to exclude SL, if SL not 	CF-LC-27]		x	.884	.115	х			
requested for a sprinklered risk [CF	-021		v			v			
Credit if Vandalism not requested [C	-		х.			х			-
	-					-			-
Standard Property Policy Multiplier [-		×.	0.98	.113	х	0.98		-
Coin Adjustment, If other than 80% [-	+ -	.178	.291	+ or x			
Deductible Adjustment, if other than	\$500 [CF-E	-30]	×.	.96	.279	х			-
Apply GR. I Loss Cost Multiplier			×	12.184	3.399 Final GR. I Rat	x	F	inal GR. I Ra	- Ite
GROUP I PREMIUM (round to nea	arest \$)	>		(1)	<u>\$2,549</u>		(2)		- -
AFTER EACH CALCULATION STEP					Adjusted			Adjusted	
ROUND TO 3 DECIMAL PLACES				Symbol	Loss Cost		Symbol	Loss Cost	
ISO Basic GR. II Symbol & Correspo Coinsurance Loss Cost [CF-68,	•		-	В	.046				
Building Code Effectiveness Grading	Factor [CF	-E-2]	×			х			<u>.</u>
Standard Property Policy Multiplier [4	CF-67]		x	0.98	.045	х	0.98		
Coinsurance Adjustment, If other that	in 80% [CF	-71]	×.	3	.135	х			
Deductible Adjustment, if other than	\$500 [CF-E	-30]	x	.92	.124	х			
Apply GR. II Loss Cost Multiplier			x	3.177	.394 Final GR. II Rat	x	Fi	nal GR. II Ra	ite
GROUP II PREMIUM (round to nea	arest \$)	>		(3)	\$296	Ĩ	(4)		- -
Tenant Reloction Expense Charge/L	Init= 7.5xFi	nal GR I F	ate(Blo	dg.)[CF-E-3]	= 7.5 X	<u>3.399</u>	<u>=</u> \$ 10		(\$10 Max)
Tenant Reloction Expense Premium	(No. of Uni	ts) <u>8</u>			=	\$	80	(5)	
Terrorism Premium (call MPIUA for p	premium ch	arged)			=	\$	284	(6)	
TOTAL REQUIRED PREMIUM = (1)		• /) + (6)		=	\$	3,209	x = /	
* Skip this step, if Special Class or S			, . (0)				Class Rated F	Risk.	