

# COMMERCIAL LINES RATING MANUAL

## PREMIUM CALCULATION METHODOLOGIES AND RATE TABLES

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## 1. INTRODUCTION

This Rating Manual establishes the methodologies and rate tables for calculating premiums for commercial lines insurance products. These guidelines ensure consistent and accurate premium development while maintaining alignment with our underwriting appetite and profitability targets.

Underwriters must apply these rating methodologies in conjunction with: - Industry-Specific Risk Acceptance Criteria (UW-GUIDE-2025-C01) - Coverage Limitations by Business Class (UW-GUIDE-2025-C02) - Rating Factors and Considerations by Industry (UW-GUIDE-2025-C03) - Authority Levels and Referral Triggers (UW-GUIDE-2025-C04)

**Note:** State-specific rating regulations may override these standard methodologies. Always refer to the state exceptions in the applicable sections.

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## 2. GENERAL RATING PRINCIPLES

The following principles govern our premium calculation process:

1. **Exposure-Based Rating:** Premiums are calculated based on exposure units appropriate to the coverage line:
  - Property: Building/contents values, square footage
  - General Liability: Sales, payroll, square footage
  - Auto: Vehicle count, type, radius of operation
  - Workers' Compensation: Payroll by classification
2. **Rating Formula:** The basic rating formula is:
 
$$\text{Premium} = \text{Base Rate} \times \text{Exposure Units} \times \text{Applicable Modification Factors}$$
3. **Tiered Rating Approach:** Risks may qualify for preferred, standard, or non-standard rating tiers based on quality characteristics.
4. **Minimum Premiums:** All lines of business have established minimum premiums that serve as a floor regardless of exposure size.
5. **Rating Transparency:** All rating components must be documented in the underwriting file to support the quoted premium.
6. **Authority Guidelines:** Rate deviations require appropriate authority level approval as specified in the Authority Levels guide.
7. **Data Quality:** Accurate exposure information is essential for proper rating. Estimates should be conservative with verification at audit.

### 3. BASE RATE TABLES

#### 3.1 PROPERTY BASE RATES

**Building & Business Personal Property (Rate per \$100 of Value) Construction Classes:** - Class 1: Frame - Class 2: Joisted Masonry - Class 3: Non-Combustible - Class 4: Masonry Non-Combustible - Class 5: Modified Fire Resistive - Class 6: Fire Resistive

**Protection Classes:** - Class 1-3: Superior fire protection - Class 4-6: Good fire protection - Class 7-8: Fair fire protection - Class 9-10: Limited/No fire protection

#### Building Base Rates (Special Form - Per \$100 Value)

Construction Class	PC 1-3	PC 4-6	PC 7-8	PC 9-10
Class 1	0.28	0.35	0.52	0.75
Class 2	0.23	0.30	0.44	0.63
Class 3	0.18	0.25	0.38	0.55
Class 4	0.15	0.20	0.32	0.48
Class 5	0.12	0.18	0.28	0.42
Class 6	0.10	0.15	0.25	0.38

#### Business Personal Property Base Rates (Special Form - Per \$100 Value)

Construction Class	PC 1-3	PC 4-6	PC 7-8	PC 9-10
Class 1	0.35	0.45	0.65	0.92
Class 2	0.30	0.38	0.55	0.78
Class 3	0.25	0.32	0.48	0.69

Construction Class	PC 1-3	PC 4-6	PC 7-8	PC 9-10
Class 4	0.20	0.28	0.42	0.60
Class 5	0.18	0.25	0.38	0.55
Class 6	0.15	0.22	0.34	0.50

### Business Income Base Rates (Per \$100 of Annual Value)

Construction Class	PC 1-3	PC 4-6	PC 7-8	PC 9-10
Class 1	0.40	0.52	0.75	1.05
Class 2	0.35	0.45	0.65	0.90
Class 3	0.30	0.38	0.55	0.78
Class 4	0.25	0.32	0.48	0.69
Class 5	0.22	0.28	0.42	0.60
Class 6	0.18	0.25	0.38	0.55

### Form Modification Factors

Coverage Form	Modification Factor
Basic Form	0.80
Broad Form	0.90
Special Form	1.00
Special Form w/ Theft	1.10

## 3.2 GENERAL LIABILITY BASE RATES

### Premises & Operations (Rate per \$1,000 of Sales/Receipts)

BIC Code Class	Preferred	Standard	Non-Standard
01xx - Agriculture	0.65	0.85	1.25
10xx - Mining	N/A	2.50	3.80
15xx - Construction (General)	1.80	2.25	3.40
16xx - Construction (Heavy)	2.40	3.00	4.50
17xx - Construction (Special Trade)	1.60	2.00	3.00
20xx - Food Manufacturing	0.90	1.15	1.70
22xx - Textile Manufacturing	0.75	0.95	1.40
25xx - Furniture Manufacturing	0.85	1.05	1.60
27xx - Printing & Publishing	0.65	0.80	1.20
28xx - Chemical Manufacturing	1.30	1.65	2.50
30xx - Rubber/Plastic Manufacturing	1.10	1.40	2.10
34xx - Metal Products Manufacturing	1.20	1.50	2.25
35xx - Industrial Machinery	0.95	1.20	1.80
36xx - Electronic Equipment	0.70	0.90	1.35
42xx - Transportation Services	1.50	1.90	2.85
50xx - Wholesale (Durable)	0.60	0.75	1.10
51xx - Wholesale (Non-Durable)	0.70	0.90	1.35
52xx - Retail (Building Materials)	0.75	0.95	1.40
53xx - Retail (General Merchandise)	0.55	0.70	1.05
54xx - Retail (Food)	0.65	0.85	1.25

BIC Code Class	Preferred	Standard	Non-Standard
55xx - Retail (Auto Dealers)	0.90	1.15	1.70
56xx - Retail (Apparel)	0.50	0.65	0.95
57xx - Retail (Home Furnishings)	0.55	0.70	1.05
58xx - Retail (Restaurants)	0.80	1.00	1.50
59xx - Retail (Miscellaneous)	0.60	0.75	1.10
60xx - Financial Institutions	0.45	0.55	0.85
65xx - Real Estate	0.65	0.85	1.25
70xx - Hotels/Lodging	0.85	1.10	1.65
72xx - Personal Services	0.60	0.75	1.10
73xx - Business Services	0.50	0.65	0.95
75xx - Auto Repair Services	0.95	1.20	1.80
76xx - Miscellaneous Repair	0.85	1.05	1.60
79xx - Recreation Services	0.90	1.15	1.70
80xx - Health Services	0.70	0.90	1.35
81xx - Legal Services	0.45	0.55	0.85
82xx - Educational Services	0.55	0.70	1.05
83xx - Social Services	0.75	0.95	1.40
86xx - Membership Organizations	0.60	0.75	1.10
87xx - Engineering/Management Services	0.50	0.65	0.95
89xx - Services, NEC	0.70	0.90	1.35

**Products & Completed Operations (Rate per \$1,000 of Sales/Receipts)**

BIC Code Class	Preferred	Standard	Non-Standard
01xx - Agriculture	0.50	0.65	0.95
10xx - Mining	N/A	1.90	2.85
15xx - Construction (General)	1.50	1.90	2.85
16xx - Construction (Heavy)	1.80	2.25	3.40
17xx - Construction (Special Trade)	1.30	1.65	2.50
20xx - Food Manufacturing	0.85	1.10	1.65
22xx - Textile Manufacturing	0.60	0.75	1.10
25xx - Furniture Manufacturing	0.70	0.90	1.35
27xx - Printing & Publishing	0.50	0.65	0.95
28xx - Chemical Manufacturing	1.20	1.50	2.25
30xx - Rubber/Plastic Manufacturing	0.95	1.20	1.80
34xx - Metal Products Manufacturing	1.10	1.40	2.10
35xx - Industrial Machinery	0.90	1.15	1.70
36xx - Electronic Equipment	0.65	0.85	1.25
42xx - Transportation Services	0.90	1.15	1.70
50xx - Wholesale (Durable)	0.55	0.70	1.05
51xx - Wholesale (Non-Durable)	0.65	0.85	1.25
52xx - Retail (Building Materials)	0.60	0.75	1.10
53xx - Retail (General Merchandise)	0.40	0.50	0.75
54xx - Retail (Food)	0.55	0.70	1.05
55xx - Retail (Auto Dealers)	0.75	0.95	1.40
56xx - Retail (Apparel)	0.35	0.45	0.65
57xx - Retail (Home Furnishings)	0.45	0.55	0.85
58xx - Retail (Restaurants)	0.60	0.75	1.10
59xx - Retail (Miscellaneous)	0.50	0.65	0.95
60xx - Financial Institutions	0.25	0.30	0.45

BIC Code Class	Preferred	Standard	Non-Standard
65xx - Real Estate	0.40	0.50	0.75
70xx - Hotels/Lodging	0.50	0.65	0.95
72xx - Personal Services	0.45	0.55	0.85
73xx - Business Services	0.35	0.45	0.65
75xx - Auto Repair Services	0.80	1.00	1.50
76xx - Miscellaneous Repair	0.70	0.90	1.35
79xx - Recreation Services	0.75	0.95	1.40
80xx - Health Services	0.60	0.75	1.10
81xx - Legal Services	0.25	0.30	0.45
82xx - Educational Services	0.35	0.45	0.65
83xx - Social Services	0.50	0.65	0.95
86xx - Membership Organizations	0.40	0.50	0.75
87xx - Engineering/Management Services	0.45	0.55	0.85
89xx - Services, NEC	0.55	0.70	1.05

#### Limit Factors (Apply to Both Premises/Operations and Products/Completed Operations)

Per Occurrence/Aggregate Limit	Factor
\$500,000/\$1,000,000	0.90
\$1,000,000/\$2,000,000	1.00
\$1,000,000/\$3,000,000	1.05
\$2,000,000/\$4,000,000	1.25
\$3,000,000/\$6,000,000	1.45
\$4,000,000/\$8,000,000	1.60
\$5,000,000/\$10,000,000	1.75

### 3.3 COMMERCIAL AUTO BASE RATES

#### Liability Base Rates (Rate per Vehicle)

Vehicle Type	Preferred	Standard	Non-Standard
Private Passenger	\$650	\$850	\$1,150
Light Trucks ( $\leq$ 10,000 lbs GVW)	\$750	\$950	\$1,300
Medium Trucks (10,001-20,000 lbs GVW)	\$1,100	\$1,400	\$1,900
Heavy Trucks (20,001-45,000 lbs GVW)	\$1,800	\$2,300	\$3,100
Extra Heavy Trucks ( $>$ 45,000 lbs GVW)	\$2,500	\$3,200	\$4,300
Tractors	\$2,200	\$2,800	\$3,800
Trailers	\$350	\$450	\$600
Buses ( $\leq$ 8 passengers)	\$1,100	\$1,400	\$1,900
Buses (9-20 passengers)	\$1,800	\$2,300	\$3,100
Buses ( $>$ 20 passengers)	\$2,500	\$3,200	\$4,300
Special Vehicles	\$1,500	\$1,900	\$2,600

#### Physical Damage Base Rates (Rate per \$100 of Vehicle Value)

Vehicle Type	Comprehensive	Collision
Private Passenger	0.85	1.25

Vehicle Type	Comprehensive	Collision
Light Trucks ( $\leq$ 10,000 lbs GVW)	0.95	1.40
Medium Trucks (10,001-20,000 lbs GVW)	1.05	1.55
Heavy Trucks (20,001-45,000 lbs GVW)	1.15	1.70
Extra Heavy Trucks ( $>$ 45,000 lbs GVW)	1.25	1.85
Tractors	1.20	1.80
Trailers	0.75	1.10
Buses ( $\leq$ 8 passengers)	1.10	1.65
Buses (9-20 passengers)	1.20	1.80
Buses ( $>$ 20 passengers)	1.30	1.95
Special Vehicles	1.15	1.70

### Radius of Operation Factors

Radius	Factor
Local (0-50 miles)	1.00
Intermediate (51-200 miles)	1.20
Long Distance ( $>$ 200 miles)	1.50

### Vehicle Age Factors

Vehicle Age	Factor
0-3 years	1.25
4-7 years	1.00
8-12 years	0.85
13+ years	0.75

## 3.4 WORKERS' COMPENSATION BASE RATES

Workers' Compensation base rates are established by state rating bureaus and vary by classification code. The rates shown are representative samples and should be verified with the applicable state bureau.

### Sample Class Code Base Rates (Rate per \$100 of Payroll)

Class Code	Description	Base Rate
0005	Nursery Employees	\$5.25
0042	Landscaping	\$6.80
0917	Grocery Store - Retail	\$2.40
2003	Bakery	\$3.85
2802	Carpentry - Shop Only	\$5.40
3066	Sheet Metal Work	\$4.60
3179	Electrical Apparatus Mfg	\$2.10
3632	Machine Shop	\$3.75
4130	Glass Merchants	\$4.15
4299	Printing	\$2.60
5022	Masonry	\$11.90
5183	Plumbing	\$5.75
5190	Electrical Wiring	\$4.80

Class Code	Description	Base Rate
5213	Concrete Construction	\$8.90
5403	Carpentry	\$9.25
5474	Painting	\$7.40
5538	Sheet Metal Work	\$6.10
5645	Roofing	\$19.80
7219	Trucking	\$8.40
7380	Drivers	\$7.20
7705	Ambulance Service	\$4.95
8006	Retail Store	\$1.90
8017	Retail Store - Grocery	\$2.35
8033	Retail Store - Meat, Fish, Poultry	\$3.80
8039	Retail Store - Department	\$2.10
8232	Lumberyard - Retail	\$4.75
8292	Storage Warehouse	\$5.20
8387	Auto Service or Repair	\$3.80
8742	Outside Sales	\$0.65
8810	Clerical	\$0.40
8820	Attorney	\$0.30
8829	Nursing Home	\$4.90
8832	Physician	\$0.75
8833	Hospital - Professional	\$1.80
8835	Nursing - Home, Public	\$4.85
8868	College - Professional	\$0.65
9012	Building Operation	\$3.65
9015	Building Maintenance	\$4.25
9058	Hotel - All Employees	\$2.60
9060	Club - Country, Golf	\$2.15
9079	Restaurant	\$2.25
9101	College - All Other	\$2.10

**Experience Modification Factor (EMF)** Experience modification factors are calculated by state rating bureaus based on the policyholder's loss history compared to expected losses for their classification. The formula typically considers:

- Expected Losses (based on classification and payroll)
- Actual Losses (capped at a maximum per claim)
- Primary/Excess Loss Split (emphasizing frequency over severity)

A credit EMF (below 1.00) indicates better-than-expected experience, while a debit EMF (above 1.00) indicates worse-than-expected experience.

#### 4. TERRITORY RATING FACTORS

Territory rating factors adjust premiums based on geographic location characteristics. The following tables provide factors by state and territory code.

##### Property Territory Factors

State	Territory 01	Territory 02	Territory 03	Territory 04	Territory 05
AL	0.85	0.90	1.00	1.10	1.25
AZ	0.90	0.95	1.05	1.15	1.30
CA	1.10	1.25	1.40	1.60	1.80
CO	0.95	1.00	1.10	1.20	1.35
CT	1.00	1.05	1.15	1.25	1.40
FL	1.15	1.30	1.45	1.65	1.85
GA	0.90	0.95	1.05	1.15	1.30
IL	0.95	1.00	1.10	1.20	1.35
IN	0.85	0.90	1.00	1.10	1.25
KY	0.85	0.90	1.00	1.10	1.25
LA	1.00	1.10	1.25	1.40	1.60
MA	1.00	1.05	1.15	1.25	1.40
MD	0.95	1.00	1.10	1.20	1.35
MI	0.90	0.95	1.05	1.15	1.30
MN	0.90	0.95	1.05	1.15	1.30
MO	0.90	0.95	1.05	1.15	1.30
NC	0.90	0.95	1.05	1.15	1.30
NJ	1.05	1.15	1.30	1.45	1.65
NY	1.10	1.25	1.40	1.60	1.80
OH	0.85	0.90	1.00	1.10	1.25
OK	0.95	1.05	1.20	1.35	1.55
OR	0.90	0.95	1.05	1.15	1.30
PA	0.95	1.00	1.10	1.20	1.35
SC	0.90	0.95	1.05	1.15	1.30
TN	0.85	0.90	1.00	1.10	1.25
TX	1.00	1.10	1.25	1.40	1.60
VA	0.90	0.95	1.05	1.15	1.30
WA	0.95	1.00	1.10	1.20	1.35
WI	0.85	0.90	1.00	1.10	1.25

### General Liability Territory Factors

Territory definitions: - Territory 01: Rural areas with population <50,000 - Territory 02: Suburban areas with population 50,000-100,000 - Territory 03: Suburban/urban areas with population 100,000-500,000 - Territory 04: Urban areas with population 500,000-1,000,000 - Territory 05: Major metropolitan areas with population >1,000,000

State	Territory 01	Territory 02	Territory 03	Territory 04	Territory 05
AL	0.80	0.90	1.00	1.10	1.20
AZ	0.85	0.95	1.05	1.15	1.25
CA	1.20	1.35	1.50	1.65	1.80
CO	0.90	1.00	1.10	1.20	1.30
CT	1.05	1.15	1.25	1.35	1.45
FL	1.15	1.30	1.45	1.60	1.75
GA	0.85	0.95	1.05	1.15	1.25
IL	1.00	1.10	1.20	1.30	1.40
IN	0.80	0.90	1.00	1.10	1.20
KY	0.80	0.90	1.00	1.10	1.20
LA	1.05	1.15	1.25	1.35	1.45
MA	1.10	1.20	1.30	1.40	1.50
MD	1.00	1.10	1.20	1.30	1.40



State	Territory 01	Territory 02	Territory 03	Territory 04	Territory 05
MI	0.95	1.05	1.15	1.25	1.35
MN	0.85	0.95	1.05	1.15	1.25
MO	0.85	0.95	1.05	1.15	1.25
NC	0.85	0.95	1.05	1.15	1.25
NJ	1.15	1.30	1.45	1.60	1.75
NY	1.25	1.40	1.55	1.70	1.85
OH	0.80	0.90	1.00	1.10	1.20
OK	0.90	1.00	1.10	1.20	1.30
OR	0.90	1.00	1.10	1.20	1.30
PA	1.00	1.10	1.20	1.30	1.40
SC	0.85	0.95	1.05	1.15	1.25
TN	0.80	0.90	1.00	1.10	1.20
TX	1.05	1.15	1.25	1.35	1.45
VA	0.90	1.00	1.10	1.20	1.30
WA	0.95	1.05	1.15	1.25	1.35
WI	0.80	0.90	1.00	1.10	1.20

#### Commercial Auto Territory Factors

State	Territory 01	Territory 02	Territory 03	Territory 04	Territory 05
AL	0.85	0.95	1.05	1.20	1.35
AZ	0.90	1.00	1.10	1.25	1.40
CA	1.25	1.40	1.55	1.75	1.95
CO	0.95	1.05	1.15	1.30	1.45
CT	1.10	1.20	1.30	1.45	1.60
FL	1.20	1.35	1.50	1.70	1.90
GA	0.90	1.00	1.10	1.25	1.40
IL	1.05	1.15	1.25	1.40	1.55
IN	0.85	0.95	1.05	1.20	1.35
KY	0.85	0.95	1.05	1.20	1.35
LA	1.10	1.20	1.30	1.45	1.60
MA	1.15	1.25	1.35	1.50	1.65
MD	1.05	1.15	1.25	1.40	1.55
MI	1.15	1.25	1.35	1.50	1.65
MN	0.90	1.00	1.10	1.25	1.40
MO	0.90	1.00	1.10	1.25	1.40
NC	0.90	1.00	1.10	1.25	1.40
NJ	1.20	1.35	1.50	1.70	1.90
NY	1.30	1.45	1.60	1.80	2.00
OH	0.85	0.95	1.05	1.20	1.35
OK	0.95	1.05	1.15	1.30	1.45
OR	0.95	1.05	1.15	1.30	1.45
PA	1.05	1.15	1.25	1.40	1.55
SC	0.90	1.00	1.10	1.25	1.40
TN	0.85	0.95	1.05	1.20	1.35
TX	1.10	1.20	1.30	1.45	1.60
VA	0.95	1.05	1.15	1.30	1.45
WA	1.00	1.10	1.20	1.35	1.50
WI	0.85	0.95	1.05	1.20	1.35