

## EXPLANATORY MEMORANDUM

### TERRORISM RATING FACTORS – COMMERCIAL PROPERTY

#### INTRODUCTION:

We have conducted a review of our Terrorism Premium Determination method and have concluded that the Tier 2 factors used against total premium are both substantially lower than our competitors (who also use a % factor against LOB premium) and substantially lower than the ISO methodology (Loss Costs with capping).

The Tier 2 Territories affected by this change are:

AZ, CT, DC, DE, GA, IN, MA, MD, MI, NE, NH, NJ, NC, OH, PA, RI, SC, VA, Illinois (except Chicago), and New York State (other than NYC).

We are requesting an alteration in our factor from .005 to .01.

We are not modifying our premium determination rules or factors associated with Manhattan or Chicago.

We are therefore requesting approval for the increased factors associated with this exposure for an effective date of October 1, 2010:

#### COMPARISON OF GNY RATING BASIS TO ISO RATING BASIS:

**ISO:** Specimen Average Risk: non-Manhattan, NY location (Territory 2)  
Apartment Building; PTC 5; Const Class 2; Limit: \$6,000,000; \$5,000 DED; 80% co-ins.  
Unmodified CP Premium = \$52,353.81; 25% cap = **\$13,088.45**.

**GNY:** .5% of Total CP Premium = \$261.77 (current)  
1% of Total CP Premium = \$523.54

<https://filingaccess.serff.com/sfa/search/filingSummary.xhtml?filingId=126559802> (retrieved 24 January 2021)  
GNYM-126559802

**ISO:** Specimen Average Risk: Territory 1 Loss Cost (.005)  
Apartment Building; PTC 5; Const Class 2; Limit: \$6,000,000; \$5,000 DED; 80% co-ins.  
Unmodified CP Premium = \$12,471.63; 25% cap = **\$3,117.91**

**GNY:** .5% of Total CP Premium = \$62.36 (current)  
1% of Total CP Premium = \$124.72

#### ISO

STATE/CITY	LOSS COSTS (NOT FACTORS) – BUILDING ONLY					
	TER 1	TER 2	TER 3	TER 4	TER 5	TER 6
AZ, DE, GA, NC, OH,	.005	.001				
CT	.014	.001				
DC	0.06	0.032	0.02			
ILLINOIS	0.075	0.014	0.009	0.005	0.001	
INDIANA	0.014	0.005	0.001			
MD	0.014	0.018	0.032	0.005	0.009	0.001
MA	0.027	0.001				
MICHIGAN	0.009	0.005	0.005	0.001		
NE, NH, RI, SC	.001					

	LOSS COSTS (NOT FACTORS) – BUILDING ONLY					
STATE/CITY	TER 1	TER 2	TER 3	TER 4	TER 5	TER 6
NY (HABITATIONAL)	.021	.021	.001			
NY (NON-HAB)	.041	.021	.001			
NJ	0.005	0.018	0.014	0.009	0.001	
PA	0.005	0.014	0.001			
VA	0.027	0.018	0.018	0.014	0.005	0.001

## CAU

# STORIES	ACCEPTS	REJECTS (SFP)	CAU FILE NUMBERS:
N/A	3%	2%	MD: 104975
1-20	3%	2%	SERFF:QBEC125138938
> 20	9%	5%	CT: 51403
			SERFF: 125128152

We believe this is a filing applicable to all states.

## TOWER

TIER	TERRITORY	FACTOR	FILING NO
1	Manhattan (Below 59 <sup>th</sup> St)	8%	NY: 2007001967
2	Bronx, Brooklyn, Queens, Staten Island, Manhattan (Above 59 <sup>th</sup> St)	5%	NY: 2007001967
3	Remainder Of <b>Country</b> (CT, NJ, Remainder Of NY State)	3%	CT: 200965537; SERFF: TWRG-126121946; NJ: 07-2013; SERFF: TWRG:125284966

## GNY

COMPANY - STATE	TIER 1		TIER 2		TIER 3	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>GNY (AZ, DC, DE, IN, MD, MI, NE, NH, OH, PA, SC, Connecticut, Georgia, Illinois (except Chicago), Massachusetts, New Jersey, New York State (other than NYC), North Carolina, Rhode Island, Virginia)</b>			.5%	<b>1%</b>		
GNY (New York City (including Manhattan, Bronx, Kings, Queens and Richmond Counties))	10%	No change				
GNY (Chicago)					5%	No change
CAU	9%		3%		3%	
TOWER	8%		5%		3%	

Based on the above, we conclude that our current rating approach is substantially under ISO's pricing approach and also substantially below our market competitors.

### CLARIFICATION:

We have also inserted a sentence in our Exception Page which notes that subject premium is not subject to Package Modification in line with the ISO Terrorism Rule that provides instruction for Premium Determination.

We respectfully request your review and approval of our submission.

Thank you for your attention and consideration.

**GREATER NEW YORK INSURANCE COMPANIES  
DIVISION FIVE – FIRE AND ALLIED LINES  
EXCEPTION PAGE**

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**TERRORISM PREMIUM DETERMINATION – Non Standard Fire Policy States**

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**A. Certified Acts Of Terrorism/Acts of Terrorism**

The following exceptions are made to the ISO manual:

The factors in the Accepts Terrorism Coverage Column replace the ISO terrorism loss costs for providing coverage for "certified acts of terrorism" under IL 09 52.

**Premium Determination**

Apply the following factors to the otherwise applicable Commercial Property premium to determine the additional premium for "certified acts of terrorism". (Package modification does not apply to applicable subject Commercial Property premiums used in this calculation.)

**Non Standard Fire Policy States**

<b>Tier</b>	<b>Accepts Terrorism Coverage</b>
<b>2</b>	.010

**B. Geographic Tiers**

<b>Tier</b>	<b>Territory</b>
<b>2</b>	AZ, DC, DE, IN, MD, MI, NE, NH, OH, PA, SC

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**Non Standard Fire Policy States**

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<b>2</b>	<del>.005</del> .010

**B. Geographic Tiers**

<b>Tier</b>	<b>Territory</b>
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