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Director - Underwriting/Pricing

MEMORANDUM

DATE: February 13, 2003  
TO: ALL AGENTS  
RE: **.5% commercial deductible conversion**

*Please read and route to interested personnel in your agency!*

Effective May 1, 2003, all new and renewal T.W.I.A. commercial policies will be issued subject to a .5% occurrence deductible (pages 21 & 22 of the T.W.I.A. Instructions and Guidelines manual), unless a large flat deductible, Form 65, is selected for a policy. The large flat deductibles range from \$1000 to \$75,000 (pages 24 & 25 of the T.W.I.A. Instructions and Guidelines manual). New Instructions and Guidelines pages are attached.

All renewal notices produced for policies effective May 1 or later reflect the deductible transition to a .5% deductible, subject to a \$500 minimum as follows:

- If the policy's amount of insurance is \$100,000 or less, the deductible is a \$500 minimum
- If the policy's amount of insurance is greater than \$100,000, the deductible is .5%
- Policies where the large flat deductible is greater than .5% of the policy amount, remain as expiring

You have the option of placing a large flat deductible (\$1000 - \$75,000) on a commercial policy. If you want a change, please mark the renewal notice to show the large flat deductible desired. Submit corrected net premium along with any items requested on the notice.

## COMMERCIAL RATE ADJUSTMENTS

### 1. APARTMENT CONTENTS CREDIT:

Personal property located in an apartment house, which consists of 3 or more units, a residential condominium, or a townhouse (when not individually owned) will rate as follows:

- For all construction types except those subject to Table 4, WR or SWR, a 50% credit shall be applied to the appropriate Modified EC rate from Rate Table “A” on page 18 of this manual.
- For construction types subject to Table 4, WR, and SWR, the appropriate Modified EC rate from Rate Table “C” on page 18 of this manual shall be applied **without the 50% credit**.

### 2. INDIRECT LOSS ENDORSEMENT AND PERCENTAGES:

**Apply the factors listed below to the Modified EC Premium, independent of any other adjustments.**

The factors shown below are based on the type of companion policy, which the windstorm exclusion endorsement has been attached to and the occupancy of the risk. Also where applicable, wind driven rain coverage may be included or excluded with the corresponding percentage factors applied to the Modified EC Premium. For commercial items and where there is no other companion policy multiply the Modified EC Premium times 90%.

Type of Companion Policy	Endorsement Forms						No Indirect Loss Coverage Provided	
	<b>Form #310:</b> Consequential Loss & Additional Living Expense & NO Wind Driven Rain		<b>Form #320:</b> Consequential Loss & Additional Living Expense & Wind Driven Rain		<b>Form #330:</b> Consequential Loss Only			
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
<b>HO/FRO/TDP-3/TFR-3</b>	<b>96%</b>	<b>91%</b>	<b>98%</b>	<b>93%</b>	n/a	n/a	n/a	n/a
<b>Tenant HO (contents only)</b>	<b>96%</b>	<b>91%</b>	n/a	n/a	n/a	n/a	n/a	n/a
<b>TDP-1 or 2 / TFR 1 or 2</b>	n/a	n/a	n/a	n/a	<b>91%</b>	<b>91%</b>	n/a	n/a
<b>No companion policy</b>	n/a	n/a	n/a	n/a	n/a	n/a	<b>90%</b>	<b>90%</b>
<b>Commercial</b>	n/a	n/a	n/a	n/a	n/a	n/a	<b>90%</b>	

### 3. PUBLIC HOUSING CREDIT:

A 40% credit shall be deducted from the EC building rate applicable to dwellings and apartments of Housing Projects and to apartments of privately owned apartment house projects, when such projects consist of eight or more apartment units, in one or more apartment buildings, and situated on the same premises. Refer to the TDI Manual for TWIA, Appendix C, page C-20 for complete rule.

Note: Contents rate is not affected by the foregoing.

### 4. EXCESS AREA CHARGE (APPLICABLE TO RATE TABLE 1 ONLY):

If any division of a building or any building of one division contains a ground floor area in excess of 20,000 square feet the rate shall be increased by 20%. Refer to the TDI Manual for TWIA, pages 38 & 39 for complete rule.

### 5. COMMERCIAL MINIMUM DEDUCTIBLE:

The .5% (\$500 minimum) commercial minimum deductible is a “per occurrence” deductible, which generates a credit as indicated by the table which follows. The deductible is mandatory on all items rated from commercial rate tables A, B or C, and also for all Farm & Ranch barns and miscellaneous farm property, except those policies where a Large Deductible Form TWIA - 65 is being applied.

Commercial Deductibles continued on next page.....

The appropriate commercial minimum deductible will be applied without the attachment of an endorsement form. Multiple deductibles on a policy are not allowed. Both the deductible amount and the amount of credit are based on the sum of the insurance amounts for all commercially rated items. The credits listed below shall be applied to the commercial rates printed in this manual. **Where a large deductible, Form TWIA-65, has been selected refer to pages 24 and 25 of this manual.**

<u>Amount of Insurance</u>		<u>Credit</u>
0	to 100,000	6%
100,001	to 200,000	8%
200,001	to 250,000	10%
250,001	to 300,000	13%
300,001	to 400,000	13%
400,001	to 500,000	15%
500,001	to 1,000,000	18%
1,000,001	to 1,500,000	20%
1,500,001	to 2,000,000	22%
2,000,001	to 2,500,000	23%
2,500,001	to 3,500,000	25%
3,500,001	to 5,000,000	27%
5,000,001	to 7,500,000	30%
7,500,001	to 10,000,000	32%
10,000,001	to 15,000,000	34%
15,000,001	to 25,000,000	36%
25,000,001	to Above	37%

**6. REPLACEMENT COST ENDORSEMENT FORM TWIA-365:**

Form TWIA-365 provides replacement cost coverage on residential personal property. This form is void if the appropriate replacement cost form is not attached to the HO, TDP or FRO policy to which the windstorm exclusion endorsement is attached; **evidence will be required when a claim is submitted.** (Refer to page 21, rule B-1 of the TDI Manual of the T.W.I.A.)

Additional premium for this endorsement: 15% surcharge when covering personal property located in a commercially rated building.

**7. VALUES IN EXCESS OF ASSOCIATION LIMIT OR WHEN INSURING THE DEDUCTIBLE ON AN EXCESS POLICY:**

If the statutory amount of insurance is not in compliance with the coinsurance requirement, or if the T.W.I.A. policy insures the deductible on an excess policy, the premium must be calculated by applying the First Loss Scale Formula set forth in the TDI Manual of the T.W.I.A. (Refer to the First Loss Scale Formula on page 26 and the commercial rating example of waiving coinsurance on page 30 of this manual.

**8. INCREASED COST IN CONSTRUCTION FORM TWIA-430:**

Apply the rates listed below, per \$100 of insurance, to the amount of insurance on the selected item to calculate the additional premium. This calculation is independent of any other calculation, and the result is rounded to the nearest whole dollar, then added to the final premium for each applicable item. (Refer to page 29 of the TDI Manual of the T.W.I.A.).

Increased Cost in Construction coverage is available for Commercial and Residential buildings, excluding Mobile Homes, to cover the increased cost in construction due to the requirement of meeting the Building Code for Windstorm Resistant Construction. The coverage amount is determined by applying the appropriate factor, for the percentage option selected, to the amount of insurance on that item.

Coverage Available	Rate per \$100 of Building Amount
5% of Building Amount	.02
10% of Building Amount	.035
15% of Building Amount	.05

**Example:**

\$50,000 Amount of Insurance with 15% Increased Cost in Construction Coverage (Form TWIA-430)  
 $\$50,000 \times .05 = \$25.00$  charge for Increased Cost in construction coverage

**9. BUSINESS INCOME COVERAGE FORM TWIA-17:**

Business Income coverage is applicable to all commercial risks (excluding builder’s risk and vacant buildings), as defined in the Texas Department of Insurance Manual of the Texas Windstorm Insurance Association. Coverage may be provided on new applications or may be added to existing policies by endorsement.

- The available daily limit for any building location is \$50 minimum to \$1,000 maximum per day.
- The number of days covered must be between 60 and 365 days (in 30 day increments unless 365 days is requested).
- The maximum amount of Business Income coverage available is \$100,000. Combinations where the daily limit and number of days exceed \$100,000 are not permitted.
- Business Income coverage is not available on a stand-alone basis; the Association must also provide the direct coverage.
- The premium for Business Income coverage will be calculated using the 80% coinsurance building rate and will be based on the occupancy of the risk. The occupancy should be shown on the Form TWIA-17 Schedule.
- **The number of units per building must be shown when insuring apartments.**
- All Business Income premiums will be fully earned, except for cancellation of an entire policy.
- There will be a waiting period (deductible) of 168 hours (7 days) after the loss before the coverage applies.
- This coverage is additional insurance, however, in no event will payment of a covered loss, including this endorsement, exceed the total T.W.I.A. maximum limit of liability established by law.
- A maximum of \$10,000 “Extra Expense” coverage will be included when Business Income coverage has been selected. This pays for additional expense incurred to avoid or minimize the suspension of the operation. This payment does not affect the daily limit specified in the Business Income schedule.

Number of days covered	Apartment Buildings						MFG.	Other
	3-25 Units		26-50 Units		51-100 Units			
	Daily limit \$50-\$1000	Daily limit \$50-\$399	Daily limit \$400-\$1000	Daily limit \$50-\$399	Daily limit \$400-\$799	Daily limit \$800-\$1000		
365	.641	.673	n/a	.705	n/a	n/a	1.052	.708
330	.650	.682	n/a	.715	n/a	n/a	1.060	.717
300	.665	.698	n/a	.731	n/a	n/a	1.082	.731
270	.690	.725	n/a	.759	n/a	n/a	1.125	.756
240	.724	.761	.724	.797	.761	n/a	1.176	.790
210	.758	.796	.758	.834	.796	n/a	1.235	.833
180	.799	.839	.799	.879	.839	n/a	1.301	.883
150	.874	.917	.874	.961	.917	n/a	1.430	.956
120	.945	.993	.945	1.040	.993	.945	1.554	1.027
90	1.008	1.058	<b>1.008*</b>	1.109	1.058	1.008	1.641	1.133
60	1.148	1.205	1.148	1.263	1.205	1.148	1.873	1.269

**Business Income Rating Example**

- **Frame class building**
  - **Business Income Coverage \$90,000 (\$1,000 per day X 90 days)**
  - **Occupancy category “Apartment with 30 units”**
  - **Assumes rent per unit = \$1,000 per month**
- |   | <b><u>Sample Calculation</u></b> |
|---|----------------------------------|
| 80% Coinsurance Building Base Rate (Rate table A on page 18 of this manual) | .667                             |
| <u>X .90</u>  | <u>x .90</u>                     |
| Adjusted EC Rate (Truncate to 3 decimal places)                             | .600                             |
| <br>Adjusted EC Rate  | <br>.600                         |
| <u>X BI Factor (per table above)</u>  | <u>1.008*</u>                    |
| Business Income Rate (Truncate to 3 decimal places)                         | .604                             |
| <br>Business Income Insurance Amount (per \$100)                            | <br>\$90,000                     |
| <u>X Business Income Rate</u>   | <u>.604</u>                      |
| Business Income Premium   | \$543.60 = \$544.00              |

**10. COMMERCIAL LARGE DEDUCTIBLE CREDIT CHART:**

<b>\$ 1,000 Deductible</b>		<b>\$ 2,500 Deductible</b>	
<u>Basis of Insurance</u>	<u>Credit for Deductible</u>	<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 20,000	10%	Over 50,000	15%
10,001 to 20,000	13%	25,001 to 50,000	18%
6,667 to 10,000	17%	16,667 to 25,000	21%
5,001 to 6,666	20%	12,501 to 16,666	24%
4,001 to 5,000	23%	10,001 to 12,500	26%
3,334 to 4,000	29%	8,334 to 10,000	31%
2,858 to 3,333	33%	7,143 to 8,333	35%
2,501 to 2,857	38%	6,251 to 7,142	40%
2,223 to 2,500	42%	5,556 to 6,250	44%
2,001 to 2,222	47%	5,001 to 5,555	49%
1,334 to 2,000	52%	3,334 to 5,000	54%
1,112 to 1,333	75%	2,778 to 3,333	75%
1,000 to 1,111	90%	2,500 to 2,777	90%

<b>\$ 5,000 Deductible</b>		<b>\$ 10,000 Deductible</b>	
<u>Basis of Insurance</u>	<u>Credit for Deductible</u>	<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 100,000	20%	Over 200,000	23%
50,001 to 100,000	22%	100,001 to 200,000	25%
33,334 to 50,000	25%	66,667 to 100,000	28%
25,001 to 33,333	27%	50,001 to 66,666	31%
20,001 to 25,000	31%	40,001 to 50,000	34%
16,667 to 20,000	35%	33,334 to 40,000	38%
14,289 to 16,666	38%	28,572 to 33,333	41%
12,501 to 14,288	43%	25,001 to 28,571	46%
11,112 to 12,500	47%	22,223 to 25,000	50%
10,001 to 11,111	52%	20,001 to 22,222	55%
6,667 to 10,000	56%	13,334 to 20,000	58%
5,556 to 6,666	76%	11,112 to 13,333	76%
5,000 to 5,555	91%	10,000 to 11,111	91%

<b>\$ 15,000 Deductible</b>		<b>\$ 20,000 Deductible</b>	
<u>Basis of Insurance</u>	<u>Credit for Deductible</u>	<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 300,000	25%	Over 400,000	27%
150,001 to 300,000	27%	200,001 to 400,000	29%
100,001 to 150,000	30%	133,334 to 200,000	32%
75,001 to 100,000	33%	100,001 to 133,333	35%
60,001 to 75,000	36%	80,001 to 100,000	38%
50,001 to 60,000	40%	66,667 to 80,000	42%
42,858 to 50,000	43%	57,143 to 66,666	45%
37,501 to 42,857	48%	50,001 to 57,142	50%
33,334 to 37,500	52%	44,445 to 50,000	54%
30,001 to 33,333	57%	40,001 to 44,444	58%
20,001 to 30,000	59%	26,667 to 40,000	60%
16,667 to 20,000	76%	22,223 to 26,666	77%
15,000 to 16,666	91%	20,000 to 22,222	92%

Large Deductible Credit Chart Continued on next page.....

**\$ 25,000 Deductible**

<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 500,000	30%
250,001 to 500,000	32%
166,667 to 250,000	35%
125,001 to 166,666	38%
100,001 to 125,000	41%
83,334 to 100,000	44%
71,429 to 83,333	47%
62,501 to 71,428	52%
55,556 to 62,500	56%
50,001 to 55,555	59%
33,334 to 50,000	62%
27,778 to 33,333	72%
25,000 to 27,777	92%

**\$ 50,000 Deductible**

<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 1,000,000	34%
500,001 to 1,000,000	36%
333,334 to 500,000	39%
250,001 to 333,333	42%
200,001 to 250,000	45%
166,667 to 200,000	48%
142,855 to 166,666	51%
125,001 to 142,854	55%
111,112 to 125,000	59%
100,001 to 111,111	62%
66,667 to 100,000	64%
55,556 to 66,666	77%
50,000 to 55,555	92%

**\$ 75,000 Deductible**

<u>Basis of Insurance</u>	<u>Credit for Deductible</u>
Over 1,500,000	36%
750,001 to 1,500,000	38%
500,001 to 750,000	41%
375,001 to 500,000	44%
300,001 to 375,000	47%
250,001 to 300,000	50%
214,286 to 250,000	53%
187,501 to 214,285	57%
166,667 to 187,500	61%
150,001 to 166,666	64%
100,001 to 150,000	66%
83,334 to 100,000	78%
75,000 to 83,333	93%

**11. FIRST LOSS SCALE FORMULA:**

1.00% of Total Value =	32.50% of Total Premium	33 1/3% of Total Value =	80.000% of Total Premium
1.10%	33.00%	34%	80.220%
1.20%	33.50%	35%	80.550%
1.30%	34.00%	36%	80.880%
1.40%	34.50%	37%	81.210%
1.50%	35.00%	38%	81.540%
1.60%	35.50%	39%	81.870%
1.70%	36.00%	40%	82.200%
1.80%	36.50%	41%	82.530%
1.90%	37.00%	42%	82.800%
2.00%	37.50%	43%	83.000%
2.10%	37.75%	44%	83.300%
2.20%	38.00%	45%	83.600%
2.30%	38.25%	46%	83.900%
2.40%	38.50%	47%	84.210%
2.50%	38.75%	48%	84.460%
2.60%	39.00%	49%	84.700%
2.70%	39.25%	50%	85.000%
2.80%	39.50%	51%	85.200%
2.90%	39.75%	52%	85.400%
3.00%	40.00%	53%	85.600%
3.10%	40.50%	54%	85.800%
3.20%	41.00%	55%	86.000%
3.30%	41.50%	56%	86.200%
3.40%	42.00%	57%	86.400%
3.50%	42.50%	58%	86.600%
3.60%	43.00%	59%	86.800%
3.70%	43.50%	60%	87.000%
3.80%	44.00%	61%	87.200%
3.90%	44.50%	62%	87.400%
4.00%	45.00%	63%	87.600%
4.10%	45.50%	64%	87.800%
4.20%	46.00%	65%	88.000%
4.30%	46.50%	66%	88.200%
4.40%	47.00%	67%	88.400%
4.50%	47.50%	68%	88.60%
4.60%	48.00%	69%	88.80%
4.70%	48.50%	70%	89.00%
4.80%	49.00%	71%	89.20%
4.90%	49.50%	72%	89.40%
5%	50.000%	73%	89.60%
6%	52.000%	74%	89.80%
7%	54.000%	75%	90.00%
7.5%	55.000%	76%	90.40%
8%	56.000%	77%	90.80%
9%	58.000%	78%	91.20%
10%	60.000%	79%	91.60%
11%	61.000%	80%	92.00%
12%	62.000%	81%	92.40%
13%	63.000%	82%	92.80%
14%	64.000%	83%	93.20%
15%	65.000%	84%	93.60%
16%	66.000%	85%	94.00%
17%	67.000%	86%	94.40%
18%	68.000%	87%	94.80%
19%	69.000%	88%	95.20%
20%	70.000%	89%	95.60%
21%	71.000%	90%	96.00%
22%	72.000%	91%	96.40%
23%	73.000%	92%	96.80%
24%	74.000%	93%	97.20%
25%	75.000%	94%	97.60%
26%	75.625%	95%	98.00%
27%	76.250%	96%	98.40%
28%	76.875%	97%	98.80%
29%	77.500%	98%	99.20%
30%	78.125%	99%	99.60%
31%	78.750%	100%	100.00%
32%	79.375%		

## **COMMERCIAL RATING EXAMPLES**

**PERSONAL PROPERTY IN AN APARTMENT, CONDOMINIUM or TOWNHOUSE  
WITH COMMERCIAL MINIMUM DEDUCTIBLE AND  
INDIRECT LOSS COVERAGE**

Frame, Secondary Condominium with:

- \$140,000 Amount of Insurance
- Commercial Minimum Deductible \$700 Deductible / 8% Credit (Pages 21-22)
- Form TWIA-310 Without Wind Driven Rain Indirect Loss Coverage 91% (Page 21)
- 50% Apartment Contents Credit\* (Page 21)
- Form TWIA-365 Replacement Cost for Personal Property (Page 22)
- 80% Coinsurance

\*Note: For personal property in all classes of apartments except those subject to Table 4, WR or SWR, use 50% of the building rate. For personal property in apartments subject to Table 4, WR or SWR, use the appropriate contents rate.

**50% Apartment Contents Credit**

.734	Annual Extended Coverage <u>Building</u> Rate (Page 18)
<u>x 50%</u>	Apartment Contents Credit
.367	.367 Truncated Revised Extended Coverage Rate

**Form TWIA – 310 Indirect Loss Coverage (91%)**

.367	Revised Extended Coverage Rate
<u>x .91</u>	Indirect Loss adjustment factor
.33397	.333 Truncated Indirect Loss Rate

**Indirect Loss Rate:**

\$ 140,000	Amount of Insurance
<u>x .333</u>	Final Extended Coverage Rate
\$ 466.200	Adjusted Premium

**Form TWIA - 365 Replacement Cost for Personal Property**

\$ 466.200	Adjusted Premium
<u>x .15</u>	Form TWIA- 365 adjustment factor
\$ 69.930	Charge for Form TWIA-365

**Commercial Minimum Deductible**

.333	Indirect Loss Rate
<u>x .08</u>	Commercial Minimum Deductible Percentage Credit
.02664	Commercial Minimum Deductible Credit (carried 5 decimal places)

.333	Indirect Loss Rate
<u>- .02664</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
.30636	.306 Truncated Final Rate

**Adjusted EC Coverage Premium**

\$ 140,000	Insurance Amount
<u>x .306</u>	Final Rate
\$ 428.400	Adjusted Premium

**Total:**

\$ 428.400	Adjusted Premium
<u>+ 69.930</u>	Charge for Form TWIA-365
\$ 498.330	\$ 498.00 Total Premium

**COMMERCIAL BUILDINGS & BUSINESS PERSONAL PROPERTY WITH  
COMMERCIAL MINIMUM DEDUCTIBLE**

Frame Building & Business personal property with:

- \$1,225,000 Amount of Insurance on building
- Commercial Minimum Deductible \$6,330 / 20% Credit (Pages 21-22)
- \$41,000 on Business Personal property
- 90% Wind & Hail percentage of the Extended Coverage rate (page 21)
- 80% Coinsurance

**Building:**

.734	Annual Extended Coverage Building Rate (Page 18)
<u>x .90</u>	Apply a factor of 90% (which represents the Wind & Hail portion of the Extended Coverage rate)
.6606	.660 Truncated Wind & Hail Rate

**Commercial Minimum Deductible**

.660	Wind & Hail Rate
<u>x .20</u>	Commercial Minimum Deductible Percentage Credit
.13200	Commercial Minimum Deductible Credit (carried 5 decimal places)

.660	Wind & Hail Rate
<u>- .13200</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
.52800	.528 Truncated Final Rate

\$1,225,000	Amount of Insurance
<u>x .528</u>	Final Rate
\$6,468.000	\$6,468 Adjusted Premium

**Business Personal Property**

.587	Annual EC Business Personal Property Rate (Page 18)
<u>x .90</u>	Apply a factor of 90% (which represents the Wind & Hail portion of the Extended Coverage rate)
.52830	.528 Truncated Wind & Hail Rate

**Commercial Minimum Deductible**

.528	Wind & Hail Rate
<u>x .20</u>	Commercial Minimum Deductible Percentage Credit
.10560	Commercial Minimum Deductible Credit (carried 5 decimal places)

.528	Wind & Hail Rate
<u>- .10560</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
.42240	.422 Truncated Final Rate

\$ 41,000	Insurance amount
<u>x .422</u>	Final Rate
\$ 173.020	\$173.00 Adjusted Premium

**Total**

\$ 6,468	Premium for Building
<u>+ 173</u>	Premium for Business personal property
\$ 6,641	Total Combined Premium

**COMMERCIAL STRUCTURE / WAIVING COINSURANCE**

Frame class building with:

- \$1,225,000 Amount of Insurance / Replacement value of \$2,216,000.
- Commercial Minimum Deductible \$6,125 / 20% Credit (Pages 21-22)
- Waived Coinsurance
- 90% Wind & Hail percentage of the Extended Coverage rate (page 21)
- Replacement Cost Coverage Form TWIA- 164
- First Loss Scale Formula (Page 26)
- Form TWIA-430 at 15% Increase Cost in Construction (Page 22)

To determine first loss scale percentage:

\$ 1,225,000	Amount of Insurance
÷ 2,216,000	100% Replacement Value
<u>.5527</u>	Percentage of Total Value being insured (truncated to 4 decimal places)

Since 55.27% is not shown on first loss scale\* you must interpolate between percentages for 55% & 56%. (Page 45)

.86200	Percentage for 56% of total value
- .86000	Percentage for 55% of total value
<u>.00200</u>	Difference between percentages
.00200	Difference between percentages
x .27	Percentage portion exceeding smaller of two percentage.
<u>.00054</u>	Adjusted Percentage Portion
.00054	Adjusted Percentage Portion
+ .86000	Percentage for 55% of total value (Smaller of two values used)
<u>.86054</u>	First Loss Scale Percentage of total premium

**Commercial Minimum Deductible**

.726	Annual Extended Coverage Building Rate (100% Coinsurance rate) (Page 18)
x .90	Apply a factor of 90% (which represents the Wind & Hail portion of the Extended Coverage rate)
<u>.6534</u>	.653 Truncated Wind & Hail Rate
.653	Wind & Hail Rate
x .20	Commercial Minimum Deductible Percentage Credit
<u>.13060</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
.653	Wind & Hail Rate
- .13060	Commercial Minimum Deductible Credit (carried 5 decimal places)
<u>.52240</u>	.522 Truncated Final Rate
\$2,216,000	100% Replacement Value
x .522	Final Rate
<u>\$11,567.520</u>	Premium based on the 100% Replacement Value
\$11,567.520	Premium based on the 100% Replacement Value
x .86054	Percentage of Total Value Premium to be charged
<u>\$ 9,954.313</u>	\$9,954 Premium

**Form TWIA-430 Increase Cost in Construction**

\$ 1,225,000 x .05= \$612.50 = \$613      Rate is per \$100 of Insurance (Page 22)

**Total Premium:**

\$ 9,954	Premium
+ 613	Charge of Form 430
<u>\$ 10,567</u>	Total Premium

**ACTUAL CASH VALUE BUILDERS RISK FORM TWIA-21  
WITH COMMERCIAL MINIMUM DEDUCTIBLE**

**Frame Commercial Building with:**

- Estimated Completed Cost \$450,000
- Commercial Minimum Deductible \$2250 / 15% Credit (page 21-22)
- Builders Risk Form TWIA-21 (page 16)
- 90% Wind & Hail percentage of the Extended Coverage rate (page 21)

2.085	Annual Extended Coverage Building Rate / 100% coinsurance rate (Page 18)
<u>x .90</u>	Apply a factor of 90% (which represents the Wind & Hail portion of the Extended Coverage rate)
1.87650	1.876 Truncated Wind & Hail Rate

**Commercial Minimum Deductible**

1.876	Wind & Hail Rate
<u>x .15</u>	Commercial Minimum Deductible Percentage Credit
.28140	Commercial Minimum Deductible Credit (carried 5 decimal places)

1.876	Wind & Hail Rate
<u>- .28140</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
1.59460	1.594 Truncated Final Rate

**Form #21 Adjustment**

\$450,000	Estimated Completed Value
<u>x .50</u>	Form #21 Adjustment factor
\$225,000	Adjusted Value

**Adjusted Extended Coverage Premium**

\$ 225,000	Adjusted Value
<u>x 1.594</u>	Final Rate
\$ 3,586.50	\$ 3,587 Annual Premium (x pro rata factor for short term calculation)

**BUILDERS RISK FORM TWIA-18  
WITH COMMERCIAL MINIMUM DEDUCTIBLE**

**Frame Commercial Building with:**

- Amount of Insurance \$455,000
- Commercial Minimum Deductible \$2275 / 15% Credit (page 21-22)
- Builders Risk form TWIA-18 (page 16)
- 80% Coinsurance
- 90% Wind & Hail percentage of the Extended Coverage rate (page 21)

2.544	Annual Extended Coverage Building Rate / 80% coinsurance (Page 18)
<u>x .90</u>	Apply a factor of 90% (which represents the Wind & Hail portion of the Extended Coverage rate)
2.28960	2.289 Truncated Wind & Hail Rate

**Commercial Minimum Deductible**

2.289	Wind & Hail Rate
<u>x .15</u>	Commercial Minimum Deductible Percentage Credit
.34335	Commercial Minimum Deductible Credit (carried 5 decimal places)

2.289	Wind & Hail Rate
<u>- .34335</u>	Commercial Minimum Deductible Credit (carried 5 decimal places)
1.9456	1.945 Truncated Final Rate

**Adjusted EC Coverage Premium**

\$ 455,000	Amount of Insurance
<u>x 1.945</u>	Final Rate
\$ 8,849.75	\$ 8,850 Annual Premium (x pro rata factor for short term calculation)