



OREGON MUTUAL INSURANCE COMPANY

BULLETIN NO: 1843

DATE: January 19, 2004

DEPT: Commercial Lines Business Unit

SUBJECT: Businessowners Protector Program Changes

TO: All OMI California Manualholders

Effective April 1, 2004 for new and renewal business we are making a number of changes to our Businessowners Protector Policy Program in the state of California.

RATES

We are implementing an overall rate level increase of 11%. Because we have made significant changes in our rating methodology to be more akin to the current ISO approach, there may be fluctuations in the amount of change affecting any individual insured. Each risk will be affected by various ratemaking components including, but not limited to, the risk class, construction type, and protection class. Some insureds will see a decrease while others will see an increase in their premium.

RULES

The attached revised manual pages explain the new approach in detail. The most significant changes are explained below, rule by rule.

1. Application of This Manual
We dropped the reference to Inland Marine coverages being added from the ISO Commercial Lines Manual. If the need arises and we do not already have a coverage available within the BOP, we will issue a separate Inland Marine policy in the ISO Simplified program.
2. General Rules
 - G. Mid-term Changes
We have re-titled this section from "Additional and Return Premium Changes" to more accurately reflect the contents of the section.
We will no longer waive additional premiums of \$15 or less.
3. Mandatory Forms, Coverage and Limits
 - B.5. State Changes
Products – Completed Operations Aggregate Changes, Exterior Building Glass, and Forgery Coverage have now been built into the coverage form (M2054).
 - B.8. Automobile Service Operations Supplemental Coverages
This is a new coverage to correspond to a new classification.
 - C. We will **no longer offer a \$300,000 Limit of Liability and have added a \$2,000,000 limit** as an option. Along with the increase of our occurrence limit to \$2,000,000, we have amended the operation of the **Aggregate Limits provision for the products/completed operations** hazard. The most we will pay for damage from all occurrences **is the lesser of \$3,000,000 or twice the Business Liability limit**. Previously this limit was twice the Business Liability limit.
4. Eligibility
 - A.1. No building is to exceed 150,000 square feet.
 - A.5. For office buildings we have changed the **maximum square footage** from 25,000 to 150,000 and will now write up to **five stories**.
 - A.6. For retailers and wholesalers we have raised the **square footage limit** from 25,000 to 50,000 and will now write up to **five stories**.
 - A.7. Bed and Breakfasts are now eligible.

(Over)

4. Eligibility (Continued)
 - A.15. Restaurants must be in compliance with the ADA (Americans with Disabilities Act). We have revised our liquor liability underwriting criteria. Nationally franchised fast food risks need to be referred before being bound. Larger square footages are now acceptable for full service restaurants. We have established a separate class for restaurants that have a separate lounge area.
 - A.12. Motels are now eligible.
 - A.13. Garage Service Operations are now eligible.
 - A.14. Quick Lube Auto Service Stations are now eligible.
 - A.18. A minimum \$500 property damage deductible is required for furniture and household appliance stores.
 - B. **Risks located in protection classes 9 and 10 are now eligible.**
 - B.6. We will consider LRO risks with up to 25% light manufacturing as tenants.
 - B.12. We have changed eligibility from “no prior bankruptcies” to “no bankruptcies within 10 years.”
5. Premium Development – Mandatory Coverages
 - D.1-4. The **Premium Computation** rule has been almost **totally revised**. We now use a base rate per territory and modify it by all the relativities shown.
 - D.8. We have **revised the Loss Free Credit**. Previously we allowed a 5% credit for being loss free one year and a 10% credit for being loss free two or more years. We will no longer offer the 5% credit for the first loss free year. We will continue to allow 10% for being loss free for two or more years.
6. Optional Coverages

Glass was previously an Optional Coverage. **It is now built into the policy.**

 - A.2. Previously all limits for Employee Dishonesty were optional. We now have \$10,000 coverage in the policy, so only the higher limits are optional.
 - B.1.c. We will not offer the \$2,000,000 limit of liability for some types of exposures.
 - B.3.c. We have changed our rating methodology for Tenants Fire Legal Liability Coverage.
 - B.4. Garage Keepers is a new coverage
7. Endorsements
 - G. Bed and Breakfast Supplemental is a new endorsement.
 - Y. Garage Service Risks Aggregate Amendment is a new endorsement.
 - Z. Garagekeepers is new endorsement.
 - AD. Liability for Property of Guests or Residents is a new endorsement.
 - AI. Ordinance or Law Coverage is completely revised.
 - AN. **Small Animal Services Cluster** is a new endorsement.
 - AT. **Veterinarians Professional Liability** is a new coverage. (The “office” classification applies for the non-professional exposures.)
 - AU. **Veterinarians Cluster Endorsement - Standard** is a new coverage.
 - AV. **Veterinarians Cluster Endorsement - Special** is a new coverage.
 - AW. **Veterinarians Consent to Settle Endorsement** is a new coverage.

CALIFORNIA RATE PAGES

The Classification Code listing was previously separated into Retail/Wholesale classes and All Other classes. It has now been consolidated into a single table. Where we previously had class groupings and liability rate groupings to rate from, we now have relativities.

We have deleted three classifications:

- Residential Condominiums
- Floor Coverings – Retail
- Floor Coverings – Wholesale

CALIFORNIA RATE PAGES (Continued)

We have added eighteen classifications:

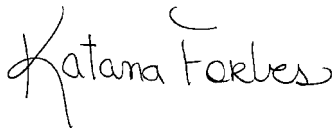
- Bed and Breakfast
- Beverage Stores (Liquor and Wine)
- Bookbinding and Printing Supplies – Retail
- Car Washes
- Dog Kennels
- Electrical Lighting Stores
- Emissions Test Stations
- Equipment, Fixtures or Supplies Distributors – Restaurant, Bars, and Hotel Equipment
- Feed Stores
- Garage Service Operations
- Janitorial Supplies – Retail
- Janitorial Supplies – Wholesale
- Locksmiths
- Motels
- Office Machines or Appliance Distributors
- Printing and Bookbinding Supplies – Retail
- Sporting Goods or Athletic Equipment Stores (including apparel) – No Skis or Guns
- Telephone Stores

We have **expanded our territories** from five to nineteen based on ZIP codes.

FORMS

We have made a number of forms changes. We give detailed explanations of our endorsements in *Paragraph 7-Endorsements* of the manual.

The attached *Important Notice to Policyholders*, which will go out with renewal policies, summarizes the major changes to policy forms. Should you have any questions or need additional information, please contact your Commercial Lines Underwriter or Agency Marketing Manager. Thank you for your continued support of Oregon Mutual.



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