

Understanding How Insurance is Priced

Property Insurance

- Underwriter classifies the business type.
- You select limits in consultation with your broker.
- Rate per \$100 of value is determined based on class of business; location; construction type; protective devices; and distance from fire department.
- Underwriter applies credits or debits to rate based on your loss experience and other factors.
- **Business Interruption** insurance is a % of the Property insurance rate, with additional debits or credits based on BI calculator worksheet and quality of disaster recovery plan.

Liability Insurance

- Underwriter classifies the business type.
- You select limits in consultation with your broker.
- Rate per \$1000 of revenue, or payroll, or square footage of your operations, is determined based on class of business; type of customers; type of products and services; and quality of your sales contract and its limitations on liability.
- Underwriter applies credits or debits to rate based on loss experience and other factors.
- Application and quality of your supporting materials (as requested) are critical.

Auto Insurance

- Underwriter classifies make, model, cost new, weight and garaging location of each vehicle.
- You select liability limits in consultation with your broker.
- Rate per vehicle affected by driving record of all drivers; use; territory of operation; and loss history.

Umbrella Insurance

- Underwriter classifies business type to develop minimum premium per million of limit.
- Underwriter then raises premium per million of limit based on a % of the General Liability premium; Auto Liability premium; and the Employers Liability premium from your Workers Compensation policy.

Workers' Compensation

- Underwriter selects classifications based on you're the type of work done by your employees. You provide estimated annual total remuneration for all employees in each class.
- Underwriter applies debits or credits to each rate, in each state, based on your claims history, loss control programs, and industry.