

LINE OF BUSINESS: Commercial Multi Peril

Code: 5.0000

LINE(S) OF INSURANCE

Non-Liability Portion	<u>5.1000</u>
Liability Portion	<u>5.2000</u>
Builders' Risk Policies	<u>5.0001</u>
Businissowners	<u>5.0002</u>
Commercial Package Policy	<u>5.0004</u>

IF CHECKLIST IS NOT APPLICABLE, PLEASE EXPLAIN:

---



---



---

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>			
EXEMPTION	<b>MCLA 500.2401(2)(d)</b>	When you place the prominent warning statement of MCLA 500.2236(8)(e)(ii) in each of your policies, you should not submit a filing to us as you are exempt from the requirements of Chapters 22 and 24 of the Michigan Insurance Code unless the Commissioner subsequently finds that competition does not exist for this type of coverage. The prominent warning statement will apply to the entire commercial package policy because it cannot be applied to just one type of coverage when multi-coverages are written.	
COPIES, RETURN ENVELOPES, ETC.	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
EFFECTIVE DATE WORDING	<a href="#">MCLA 500.2408(2)</a> <a href="#">MCLA 500.2608(2)</a>	<p>The filing shall be on file for a waiting period of 15 days before it becomes effective, which period may be extended by the commissioner for 1 additional period not to exceed 15 days if the commissioner gives written notice within the waiting period to the insurer or rating organization which made the filing that her or she needs additional time for consideration of the filing.</p>	
	<a href="#">MCLA 500.2236(1)</a>	<p>Failure of the commissioner to act within 30 days after submittal constitutes approval.</p>	
FILING SUBMISSION	<a href="#">MCLA 500.2119(6)</a> <a href="#">MCLA 500.2117</a> ; <a href="#">Bulletin 80-17</a>	<p>Underwriting rules must be filed. These include written statements, guidelines or criteria of an insure, which describe the standards under which the insurer issues, refuse to issue, renews, refuses to renew of limits coverage. Section 2117 contains the only underwriting criteria permissible in Michigan.</p>	
	<a href="#">MCLA 500.2406</a> <a href="#">MCLA 500.2606</a>	<p>Every insurer shall file with the commissioner every manual of classification, every manual of rules and rates, every rating plan, and every modification of any of the foregoing that it proposes to use.</p>	
	<a href="#">MCLA 500.2401(d)</a> <a href="#">MCLA 500.2601(d)</a>	<p>An insurer shall not file rates and rules for any commercial insurance coverage if the policy form contains a prominent disclaimer which states, "This policy is exempt from the filing requirements of section 2236 of the insurance code of 1956, 1956 PA 218, MCL 500.2236." or words that are substantially similar.</p>	
LIMITATIONS/RESTRICTIONS ON TRANACTING BUSINESS	<a href="#">MCLA 500.640</a>	<p>An insurer transacting business in this state shall not expose itself to any loss on any 1 risk or hazard in an amount exceeding 10% of its paid-up capital and surplus. However, no portion of a risk or hazard that has been reinsured in an insurer licensed to do insurance business in this state shall be included in determining the limitation of risk prescribed in this section.</p>	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Line of Authority	<a href="#">MCLA 500.402</a>	No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code.	
NO FILE OR FILING EXEMPTIONS	<a href="#">Bulletin 97-03</a> <a href="#">MCLA 500.2236</a>	Only rating organizations should file forms. Insurers must maintain a list of exempt forms.	
THIRD PARTY FILERS AUTHORITY	<a href="#">MCLA 500.2406(2)</a> <a href="#">MCLA 500.2606(5)</a>	An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 which makes those filings, and by filing with the commissioner a copy of its authorization of the rating organization to make those filings on its behalf.	
	<a href="#">Procedures Manual for Non-SERFF Filings</a>	General authority to third party must be granted with a letter from insurance company.	
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>			
<b>FORMS—POLICY PROVISIONS</b>			
AMBIGUOUS & MISLEADING	<a href="#">MCLA 500.2236(5)</a>	Upon written notice to the insurer, the commissioner may disapprove, withdraw approval or prohibit the issuance, advertising or delivery of any form to any person in this state if it violates any provisions of this act, or contains inconsistent, ambiguous or misleading clauses, or contains exceptions and conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact causes a misrepresentation.	
BANKRUPTCY PROVISIONS	MCLA 500.3004	No policy shall be issued unless it contains provisions as required in section 3006.	
	MCLA 500.3006	Insolvency or bankruptcy of the insured shall not release the insurer from payment of damages	
CANCELLATION & NON-RENEWAL			
Calculation of Unearned/Return Premium	MCLA 500.2833(1)(i) MCLA 500.3020	Pro rata Pro-rata	
Minimum Retained Premium	MCLA 500.2833(1)(i) MCLA 500.3020	Not less than \$25 or the pro-rata premium for the expired time, whichever is greater.	
Notice of Cancellation/Non-renewal	MCLA 500.2920	All insurers are required to follow Michigan Basic Property Insurance Association plan of operation. Plan of operation requires 30 days notice except in cases of incendiarism, non-payment of premium, or fraud.	
Permissible Reasons for Cancellation/Non-renewal	MCLA 500.2236	Cancellation will be without prejudice to any claim originating before the cancellation.	
Return Premium	MCLA 500.2833(1)(i) MCLA 500.3020		
<b>FORMS—POLICY PROVISIONS</b>			
CONTENT OF POLICIES	MCLA 500.2833(1)	The policy shall contain a provision that identifies the property and perils that are not covered under the policy.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		The policy shall contain a provision for waiving or changing a provision under the policy.	
		The policy shall contain a provision that the insurer may repair, replace, rebuild, or take the property.	
DISCRIMINATION	MCLA 500.2027	It is unfair and deceptive to refuse to insure, or refuse to continue to insure, or limit the amount of coverage available to an individual or risk because of race, color, creed, marital status, sex, or national origin, residence, age, disability, or lawful occupation of the individual, or location of the risk, unless there is a reasonable relationship established between the classification and the extent of the risk.	
EXCLUSIONS & LIMITATIONS			
Terrorism	MCLA 500.2834	Notwithstanding section 2833, a commercial fire insurance policy issued or delivered in this state may exclude coverage for loss by fire or other perils insured against if the fire or perils were caused directly or indirectly by terrorism.	
<b>FORMS—POLICY PROVISIONS</b>			
LOSS SETTLEMENTS			
Appraisal	MCLA 500.2833	If the insured and the insurer fail to agree on the amount of loss either party may demand appraisal.	
NOTICE REQUIREMENTS	MCLA 500.2833	The policy shall contain a provision that identifies the notification requirements when a loss occurs.	
Payment of Loss Time Period	MCLA 500.2836(2)	Losses under fire policy must be paid within 30 days of receipt of proof of loss.	
	MCLA 500.2006(3)	Any part of the remainder of the claim that is later supported by proof of loss shall be considered paid on a timely basis if paid within 60 days after receipt of the proof of loss by the insurer.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
	<a href="#">MCLA 500.3004</a>	No policy shall be issued unless it contains provisions as required in section 3008.	
	<a href="#">MCLA 500.3008</a>	There shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer shall be deemed to be notice to the insurer; also a provision that failure to give any notice required to be given by such policy within the time specified shall not invalidate any claim made if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.	
MINIMUM STANDARDS FOR CONTENT (POLICIES AND STANDARD FORMS)	<a href="#">MCLA 500.2833(1)(a)</a>	The policy shall provide, at a minimum, coverage for the actual cash value of the property at the time of the loss, subject to all other provisions contained herein.	
	<a href="#">MCLA 500.2833(1)(b)</a>	The policy shall provide, at a minimum, coverage for direct loss by fire and lightning and pro rata coverage for 5 days for insured property removed to another location if it is moved to preserve it from damage by a covered peril.	
<b>FORMS—POLICY PROVISIONS</b>			
READABILITY	<a href="#">MCLA 500.2236(3)</a>	Not less than 8 point type.	
SUBROGATION	<a href="#">MCLA 500.2833</a>	If the insurer claims that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing the mortgagee's right to sue; or the insurer may pay off the mortgage debt and require an assignment of the debt and of the mortgage. Subrogation shall include contractual as well as tort rights of action, but only to the extent of the loss. An action may be maintained by either the insured or insurer or by both of them jointly, to recover their respective portions of the loss.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		The policy shall contain a provision that the insurer is subrogated to the insured's right of recovery from other parties.	
FILE & USE	<a href="#">MCLA 500.2628</a>	Every such filing under this section shall state the effective date thereof, shall take effect on said date, shall not be subject to any waiting period requirements, and shall be deemed to meet the ratemaking standards. If, at any time within 15 days from and after the date of any such filing, the commissioner may give written notice to the insurer or rating organization in what respect and to extend her contents such filing fails to comply with the ratemaking standards and fixing a date for hearing not less than 10 days from the date of mailing of such notice. In the event that no notice of hearing shall be issued within 15 days from the date of any such filing, the filing shall be deemed to be approved.	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
VOIDANCE	<a href="#">MCLA 500.2833(1)(c)</a>	The policy shall contain a provision that it may be void on the basis of misrepresentation, fraud, or concealment.	
Individual Risk Rating	<a href="#">Procedures Manual for Non-SERFF Filings</a>	Mandatory for excess rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders).	
RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS			
PRICING	<a href="#">MCLA 500.2403(d)</a> <a href="#">MCLA 500.2603(1)(d)</a>	Rates shall not be excessive, inadequate, or unfairly discriminatory.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Premiums	<a href="#">Administrative Rules 500.1205</a>	For the purposes of section 2403(1)(d) of the code, a rate is unreasonably high for the insurance coverage provided if it is unreasonably high in relation to anticipated losses or expenses, or both, or to the uncertainty of loss for the insurance coverage provided.	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			
RATE RANGES	<a href="#">R 500.1207</a>	A reasonable classification system is a system designed to group individuals or risks with similar characteristics into rating classifications which are likely to identify significant differences in mean anticipated losses or expenses, or both, between the groups, as determined by sound actuarial principles and by actual and credible loss and expense statistics or, in the case of new coverages or classifications, by reasonably anticipated loss and expense experience.	
RATING PLAN REQUIREMENTS	<a href="#">MCLA 500.2404(1)</a>	The insurer must establish a secondary or merit rating plan to adjust rates on the basis of risk management technique implemented by the insured.	
Expense Modification Plan	<a href="#">R 500.1208</a>	The expense portion of a rate shall, with regard to each category of expense, be examined and evaluated independently of the loss portion of the rate. Expenses shall not be presumed to change by the same percentage as losses are anticipated to change.	
Schedule Rating	<a href="#">Bulletin 2000-04</a>	+/- 25% maximum for schedule rating type plans	
Competition	<a href="#">MCLA 500.2403</a> <a href="#">MCLA 500.2603</a>	A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist with respect to the classification, kind, or type of risks to which the rate is applicable.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Expenses	R 500.1207	A rate is not unfairly discriminatory because it reflects differences in anticipated expenses for classifications of risks with similar anticipated losses or because it reflects differences in anticipated losses for classifications of risks with similar anticipated expenses.	
Experience	R 500.1207	That data used in developing classifications and rates are derived from the experience of a population or sample of risks that is sufficiently similar to the anticipated insured population.	
Judgment	Commissioner Order No. 81-3055-M  Procedures Manual for Non-SERFF Filings	This insurance is subject to judgment rating. After an (a) – rate rule is approved, filing requirements for this coverage are suspended, however each rate must remain on file for a period of not less than 3 years from its expiration date. All (a) - rates shall be available for review when requested by OFIS.	
SUPPORTING DATA	Bulletin 94-5 MCLA 500.2403(d) MCLA 500.2603(d)	Support is not required to be submitted with the filing. However, we may subsequently ask you to provide justification for your rates. A rate is reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss for the individuals or risks to which the rates apply. A reasonable justification shall be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
OTHER	<a href="#">MCLA 500.2416(1)</a>	If within the waiting period the commissioner finds that a filing does not the requirements of this chapter, he shall send to the insurer or rating organization which made such filing written notice of disapproval of such filing specifying then what respects he fins such filing fails to meet the requirements of this chapter and stating that such filing shall not become effective.	