

Filing at a Glance

Company: BancInsure, Inc.

Product Name: EPL Revised Rating Manual (07SERFF Tr Num: BNCI-125228730 State: Arkansas 07)

TOI: 17.1 Other Liability - Claims Made Only SERFF Status: Closed State Tr Num: AR-PC-07-025393

Sub-TOI: 17.1000 Other Liability Sub-TOI Co Tr Num: PR AR0231301R01-A2 State Status:

Combinations

Filing Type: Rule

Co Status:

Reviewer(s): Betty Montesi, Edith Roberts, Brittany Yielding

Author: Marlene Patterson

Disposition Date: 07-17-2007

Date Submitted: 07-10-2007

Disposition Status: Filed

Effective Date Requested (New): On Approval

Effective Date (New):

Effective Date Requested (Renewal): On Approval

Effective Date (Renewal):

General Information

Project Name: EPL Insurance Program

Status of Filing in Domicile: Not Filed

Project Number: PR AR0231301R01-A2

Domicile Status Comments:

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 07-17-2007

State Status Changed: 07-10-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We wish to submit our revised Rating Plan Manual for our new Extended Professional Liability Insurance program which was recently approved by your department on May 3, 2007.

The purpose of this filing is to replace our originally filed Rating Plan Manual (Pages 17) and submit our newly revised Rating Plan which will contain the form number BI-PL (07 07)-1.

The Rating Plan Manual has been revised as follows:

- (1) we have revised the Schedule Rating Table state exceptions for the debit/credit limits (page 5 of 7);
- (2) corrected typographical errors located in the optional endorsements form numbers (page 6 and 7); and
- (3) created form number BI-PL (07 07)-1 for the Rating Plan Manual.

Upon approval, this filing will apply to all policies effective on or after August 30, 2007 or upon approval whichever is the earliest.

Company and Contact

Filing Contact Information

Marlene Patterson, Filings Analyst
5005 N. Lincoln blvd.
Oklahoma City, OK 73126

mpatterson@bancinsure.com
(405) 290-5600 [Phone]
(405) 290-5703[FAX]

Filing Company Information

BancInsure, Inc.
P.O. Box 26104

CoCode: 18538
Group Code:

State of Domicile: Oklahoma
Company Type: Property &
Casualty

5005 N. Lincoln Blvd.
Oklahoma City, OK 73126-0104
(405) 290-5600 ext. [Phone]

Group Name:
FEIN Number: 73-1238130

State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
BancInsure, Inc.	\$100.00	07-10-2007	14533445

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	07-17-2007	07-17-2007

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Edith Roberts	07-11-2007	07-11-2007

Response Letters

Responded By	Created On	Date Submitted
Marlene Patterson	07-13-2007	07-13-2007

Amendments

Item	Schedule	Created By	Created On	Date Submitted
Transmittal Letter	Supporting Document	Marlene Patterson	07-10-2007	07-10-2007

Disposition

Disposition Date: 07-17-2007

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
BancInsure, Inc.	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

Created by SERFF on 07-17-2007 01:57 PM

Item Type	Item Name	Item Status	Public Access
Supporting Document	PC TD-1	Filed	Yes
Supporting Document	Filing Memorandum	Filed	Yes
Supporting Document	Side-by-Side Comparison	Filed	Yes
Supporting Document	Transmittal Letter	Filed	Yes
Rate (<i>revised</i>)	Rating Plan Manual - BI-PL (07 07)-1	Filed	Yes
Rate	Rating Plan Manual - BI-PL (07 07)-1	Filed	Yes

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 07-11-2007
Submitted Date 07-11-2007

Dear Marlene Patterson,

This will acknowledge receipt of the captioned filing.

Scheduled rating factors are limited to +/- 50% in Arkansas. Please amend.

Thanks.

Please feel free to contact me if you have questions.

Sincerely,
Edith Roberts

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07-13-2007
Submitted Date 07-13-2007

Dear Edith Roberts,

Comments:

Response 1

Comments: I have attached a revised rating manual which page 5 now reflects Arkansas' Scheduled rating factor as limited to +/-50% as requested.

With this correction, I hope you will be able to continue your review with our filing. Should you any further questions regarding our filing, please do not hesitate to contact me.

No Supporting Documents have changed.

No Form Schedule items changed.

Rate/Rule Schedule Item Changes

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Rating Plan Manual - BI-PL (07 07)-1	Pages 1 through 7	Replacement	

Sincerely,
Marlene Patterson

Amendment Letter

Amendment Date:

Submitted Date: 07-10-2007

Comments:

Attaching transmittal letter. Failed to include with original filing.

Changed Items:

Supporting Document Schedule Item Changes:

User Added -Name: Transmittal Letter

Comment:

AR Transmittal Letter.pdf

Rate Information

Rate data applies to filing.

Filing Method:

File and Use

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

N/A

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
BancInsure, Inc.	0.000%	\$0	0	\$0	0.000%	0.000%	0.000%

Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed	Rating Plan Manual - BI-PL (07 07)-1	Pages 1 through 7	Replacement	Rating Plan Manual BI PL 07 07 1.pdf



Rating Plan for the Extended Professional Liability Insurance Policy and Related Coverages

General Rules

- Coverage:**
- Extended Professional Liability Insurance Policy, Form Number BI-PL-00400 (0407).
 - Optional endorsements, as listed in this document.
- Limit of Liability:** The basic limit of liability is \$1,000,000.
- Retention:** The basic self-insured retention is \$10,000.
- Term:** Policies may be issued for a term of one, two, or three years.
- Premiums:** The premium calculation procedure produces annual premiums. Premiums for multi-year policies are subject to annual adjustment or may be prepaid for the full policy period
- Minimum Premiums:** Minimum premium is \$1,000 annually and minimum earned premium is \$500.
- Three Year Prepaid Premium Rule:** Compute the annual premium using rules and rates in effect at the inception date, then multiply the result by a term factor of up to 3.0. (WA – the term factor is 3.0)
- Cancellation Rule:**
- A. Compute return premium pro rata of the charged premium and round to the next higher whole dollar when the cancellation or deletion is at the company's request; or because coverage is to be rewritten in the same company.
 - B. Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar when the cancellation or deletion is at the insured's request.

Rating Procedure

Complete the following steps for each Insuring Agreement being quoted.

1. Determine the base rate, without interpolating, for the appropriate asset or revenue size group from the Base Rate Table. For Trust Department coverage, the base rate asset size is based on the total amount of trust assets under management. Multiply the base rate by the appropriate Form of Coverage modifier from the Form Coverage Modifier Table.
2. Compute retention credit/surcharge as follows: Multiply the premium computed in step 1 by the appropriate optional retention factor (RF), from the Retention Factors Table, to obtain amount of retention credit or surcharge. If the retention is less than 10,000, then there is a retention surcharge. If the retention is greater than 10,000, then there is a retention credit.
3. Multiply the premium computed in step 1 by the appropriate optional limit factor (OLF), from the Optional Limit Factors Table.

4. If the retention is greater than 10,000, subtract the retention credit from the premium computed in step 3, or if the retention is less than 10,000, add the retention surcharge to the premium computed in step 3.
5. Multiply the premium computed in step 4 by a risk modifier computed from the Schedule Rating Table to compute the final coverage premium.

Base Rate Table	
Asset or revenue size in millions	Base Rate
Up to 50	2,000
50-60	2,200
60-70	2,400
70-80	2,600
80-90	2,800
90-100	3,000
100-110	3,200
110-120	3,400
120-130	3,600
130-140	3,800
140-150	4,000
150-160	4,200
160-170	4,400
170-180	4,600
180-190	4,800
190-200	5,000
200-225	5,250
225-250	5,500
250-275	5,750
275-300	6,000
300-325	6,250
325-350	6,500
350-375	6,750
375-400	7,000
400-425	7,250
425-450	7,500
450-475	7,750
475-500	8,000
500-600	8,400
600-700	8,800
700-800	9,200
800-900	9,600
900-1,000	10,000
1,000-1,500	10,500
1,500-2,000	11,500
2,000-2,500	12,500
2,500-3,000	13,500
> 3,000	Refer to company

Form of Coverage Modification Table	
Insuring Agreement	Modifier
A. Executive Liability & B. Company Reimbursement	1.00
C. Company Professional Liability	1.00
D. Company Lender Liability	0.50
E. Company Securities Liability	0.25
F. Employment Practices Liability	0.30
G. Harassment of Third Parties Liability	0.10
H. Electronic Banking Liability	0.50
I. Electronic Publishing Liability	0.20
J. Fiduciary Liability	0.15
K. Trust Department Liability	1.00
L. Public Relations Expenses	0.10
M. Customer Privacy Expenses	0.15
N. Investigative Expenses	0.02

Optional Retention Factors Table	
Apply Before Optional Limit Factor	
0	0.90
1,000	0.50
2,500	0.22
5,000	0.10
10,000	0.00
15,000	0.10
20,000	0.13
25,000	0.15
30,000	0.17
40,000	0.21
50,000	0.25
75,000	0.32
100,000	0.40
150,000	0.45
200,000	0.48
250,000	0.50
500,000	0.65
750,000	0.80
1,000,000	0.85

Optional Limit Factors Table	
Limit	Factor
25,000	0.10
50,000	0.15
100,000	0.25
250,000	0.50
500,000	0.75
1,000,000	1.00
2,000,000	1.45
3,000,000	1.80
4,000,000	2.15
5,000,000	2.45
> 5,000,000	Refer to company

Schedule Rating Table	
Criteria	Credit/Debit Range in %
Basic schedule rating factors to be applied to all Insuring Agreements	
Litigation/Loss History	+/- 15
Number of Stockholders: Publicly Traded, Closely Held vs. Mutual	+/- 15
Management Experience	+/- 15
Scope of external audit	+/- 25
Insurance agency operations	+/- 15
Security brokerage operations	+/- 15
Subsidiary structure	+/- 10
Profitability	+/- 10
Level of nonperforming loans	+/- 15
Additional Electronic Banking and Electronic Publishing schedule rating factors	
Electronic Banking and Publishing Loss History	+/- 15
Incidences of unplanned downtime > 4 hours	+/- 10
Extent of e-banking: Account access only vs. taking loan applications on-line, etc.	+/- 15
On-line trading	+/- 25
Extent of IT out-sourcing	+/- 15
Regulatory criticisms of IT operations	+/- 15
Level of IT security policies & procedures	+/- 15

Additional Employment Practices Liability schedule rating factors	
EPL Loss History	+/- 15
Number of Terminations	+/- 10
Merger/Acquisitions/Reorganizations	+/- 15
Additional Lender Liability schedule rating factors	
Lender Liability Loss History	+/- 15
Level of nonperforming loans	+/- 10
Additional Trust Errors & Omission schedule rating factors	
Trust Loss History	+/- 15
Average Experience of Trust Officers	+/- 10
Years in operation	+/- 15
Scope of annual trust department audit	+/- 15

Limited to 25% in the states of Alabama, *California, Colorado, District of Columbia, Iowa, Louisiana, Missouri, Ohio, Oregon, South Dakota and Washington.

Limited to 40% in the states of Georgia, Kansas, Maine, Mississippi, Montana, Oklahoma, Rhode Island, Texas and West Virginia.

Limited to 50% in the states of Arkansas, Indiana, Kentucky, Tennessee and Vermont.

Limited to 40% debit/no credit cap in the state of Minnesota.

No limitation in the states of Arizona, Connecticut, Delaware, Idaho, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Utah, Virginia, Wisconsin and Wyoming.

NE Exception – LB 1119 provides +/-40% subjective rating flexibility.

Not applicable in Hawaii.

*California – In case of unique risk having exceptional characteristics, the credit may exceed up to a maximum of -50%. We will maintain supporting factual documentation to justify the additional credits which will be available for review by the Commissioner.

In cases of unique and exceptional exposures for depository and other financial institutions “a” rating applies.

Optional Endorsements

Name	Description
Amend Dec Page: BI-PL-00400AmendDec	Amends the Declaration Page. Used for midterm changes to items on the Declaration Page.
Renewal Dec Page: BI-PL -00400RenewalDec	Documents the renewal of the policy, including the coverages bought with their limits and retentions.
Civil Money Penalties Coverage: BI-PL-00401	<p>Adds coverage for the reimbursement of fines and/or penalties for the individual directors or officers that pay for the coverage.</p> <p>The annual premium for \$50,000 limit per director or officer subject to a \$500,000 total annual aggregate limit can be from \$25 to \$100 per director or officer.</p> <p>The annual premium for \$100,000 limit per director or officer subject to a \$1,000,000 total annual aggregate limit can range from \$35 to \$150 per director or officer.</p> <p>The premium paid is fully earned upon the effective date of coverage.</p>
Regulatory Exclusion: BI-PL-00402	Adds an exclusion of coverage for claims made by a regulatory agency. There is no premium consideration for this endorsement. It is added to the policy when the underwriter's review reveals potential problems with regulators.
Shared Limits/Policy Year Aggregate: BI-PL-00403	<p>Amends Section VI, Limit of Liability & Retention and adds a Policy Year Aggregate Limit of Liability, so that the payment of Loss under one insuring agreement reduces the overall limit available to be paid within a Policy Year.</p> <p>Premium Discount: Up to 20% of the policy premium. (OH/WA only: Premium Discount: 20% of the policy premium.)</p>
Special Exclusion Endorsement: BI-PL-00404	Adds an exclusion of coverage for specifically listed activities such as a company-sponsored baseball team. This endorsement is added to the policy without premium consideration and may be placed on the policy when the underwriter's review reveals an undesirable exposure.
Non-Stacking Endorsement: BI-PL-00405	Eliminates the stacking of limits of liability if an individual is an officer or director for more than one bank. The endorsement is added to the policy without premium consideration. The endorsement is used when a bank holding company has multiple banks and wants separate policies issued for each bank with the bank holding company named on each policy.
Change of Control Endorsement: BI-PL-00406	Adds exclusion for any loss arising out of a wrongful act that involves any change in control or attempted change in control of the company. The endorsement is added to the policy without premium consideration and attached to the policy when the underwriter's review reveals added exposure due to a publicly held bank being bought by an unknown entity.
Allocation of Defense Expenses: BI-PL-00407	Amends Section III - Definitions item F. (defense expenses) to provide for the allocation of defense expenses as stated in the endorsement. The endorsement is available to all policyholders upon

	request.
General Cancellation Clause: BI-PL-00408	Amends the policy to allow notice of cancellation to a specific entity and for a specified amount of time. The endorsement is added to the policy without premium consideration.
Extended Reporting Period: BI-PL-00409	Provides an extended period of time to report claims that are first made against the insured during the extended reporting period but only with respect to any wrongful act committed prior to the beginning of such period and after the retroactive date. The endorsement is available to all policyholders. The premium for a 12 month period is 75% of the annual premium, except for Maine where it is 150% of the annual premium. The premium is fully earned as of the effective date of the extended reporting period.
Additional Insured Persons Endorsement: BI-PL-00410	Adds specific insureds or types of individuals such as attorneys or surveyors to the policy. The endorsement is available to policyholders based on loss experience and the policies, safe guards and procedures in place to identify and reduce exposure. Premium Charge: 5 to 10% of the annual policy premium for each additional insured or type of insured. (WA – Premium Charge: 5% of the annual policy premium for each additional insured or type of insured.)
Service Provider Endorsement: BI-PL-00411	Adds specific service provider(s) to the definition of covered electronic system.
Conversion Exclusion Endorsement: BI-PL-00412	Adds exclusion for any loss arising out of the conversion of a mutual institution to a stock institution or company. The endorsement is added to the policy without premium consideration and attached to the policy when the underwriter's review reveals added exposure due to the potential for a mutual institution to convert to a stock institution or company.

Supporting Document Schedules

Satisfied -Name: PC TD-1	Review Status: Filed	07-17-2007
Comments:		
Attachment: AR PC TD 1.pdf		
Satisfied -Name: Filing Memorandum	Review Status: Filed	07-17-2007
Comments:		
Attachment: RATING PLAN FILING MEMORANDUM.pdf		
Satisfied -Name: Side-by-Side Comparison	Review Status: Filed	07-17-2007
Comments:		
Attachment: RATING PLAN MANUAL SIDE BY SIDE COMPARISON PGS 5 6 7.pdf		
Satisfied -Name: Transmittal Letter	Review Status: Filed	07-17-2007
Comments:		
Attachment: AR Transmittal Letter.pdf		

Property & Casualty Transmittal Document

<p>1. Reserved for Insurance Dept. Use Only</p>	<p>2. Insurance Department Use only</p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing:</p> <p>e. Effective date of filing:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none;">New Business</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> <p>f. State Filing #:</p> <p>g. SERFF Filing #:</p> <p>h. Subject Codes</p>	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
BancInsure, Inc.	0000

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
BancInsure, Inc.	OK	18538	73-1238130	

5. Company Tracking Number	PR AR0231301R01-A2
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Marlene Patterson PO Box 26104	Filings Analyst	800-221-1825 ext. 230	405-290-5703	mpatterson@bancinsure.com
	5005 N. Lincoln Blvd. Oklahoma City, OK 73126				
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Marlene Patterson		

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	17.1 Other Liability
10.	Sub-Type of Insurance (Sub-TOI)	17.1000 Other Liability
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Extended Professional Liability Insurance
13.	Filing Type	[] Rate/Loss Cost [<input checked="" type="checkbox"/>] Rules [] Rates/Rules [] Forms [] Combination Rates/Rules/Forms [] Withdrawal [] Other (give description)
14.	Effective Date(s) Requested	New: 08/30/2007 or upon approval Renewal: 08/30/2007 or upon approval
15.	Reference Filing?	[] Yes [<input checked="" type="checkbox"/>] No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	07/10/2007
19.	Status of filing in domicile	[<input checked="" type="checkbox"/>] Not Filed [] Pending [] Authorized [] Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	PR AR0231301R01-A2
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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We wish to submit our revised Rating Plan Manual for our new Extended Professional Liability Insurance program which was recently approved by your department on May 3, 2007.

The purpose of this filing is to replace our originally filed Rating Plan Manual (Pages 1–7) and submit our newly revised Rating Plan which will contain the form number BI-PL (07 07)-1.

The Rating Plan Manual has been revised as follows:

- (1) we have revised the Schedule Rating Table state exceptions for the debit/credit limits (page 5 of 7);
- (2) corrected typographical errors located in the optional endorsement's form numbers (page 6 and 7); and
- (3) created form number BI-PL (07 07)-1 for the Rating Plan Manual.

Upon approval, this filing will apply to all policies effective on or after August 30, 2007 or upon approval whichever is the earliest.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: EFT
Amount: \$100.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

BANCINSURE, INC.
EXTENDED PROFESSIONAL LIABILITY INSURANCE PROGRAM

Revised Rating Plan Manual Filing Memorandum

BancInsure, Inc. is a specialty company writing coverages exclusively for financial institutions. While the company's main business, accounting for 70% to 75% of written premiums throughout its 20-year history, is the financial institution bond and directors' and officers' liability policy, the company also writes property and casualty and workers compensation (for financial institutions only) in many jurisdictions. As a small niche company, BancInsure has derived market advantage by providing innovative new coverages and enhancing standard coverages to meet the specific insurance needs of small to medium financial institutions. Our volume in these lines combined with the underwriting restriction to financial institutions make traditional actuarial analysis impractical.

We wish to submit our revised Rating Plan Manual for our new Extended Professional Liability Insurance program which was recently approved by your department.

The purpose of this filing is to replace our originally filed Rating Plan Manual (Pages 1–7) and submit our newly revised Rating Plan which will contain the form number BI-PL (07 07)-1.

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- (3) created form number BI-PL (07 07)-1 for the Rating Plan Manual.

Upon approval, this filing will apply to all policies effective on or after August 30, 2007 or upon approval whichever is the earliest.

We are attaching a side-by-side comparison of pages 5, 6 and 7. We have used a format of ~~striking through~~ deletions, and underlining additions to indicate changes to our plan.

PROPOSED

Additional Employment Practices Liability schedule rating factors	
EPL Loss History	+/- 15
Number of Terminations	+/- 10
Merger/Acquisitions/Reorganizations	+/- 15
Additional Lender Liability schedule rating factors	
Lender Liability Loss History	+/- 15
Level of nonperforming loans	+/- 10
Additional Trust Errors & Omission schedule rating factors	
Trust Loss History	+/- 15
Average Experience of Trust Officers	+/- 10
Years in operation	+/- 15
Scope of annual trust department audit	+/- 15

Limited to 25% in the states of Alabama, *California, Colorado, District of Columbia, Iowa, Louisiana, Missouri, Ohio, Oregon, South Dakota and Washington.

Limited to 40% in the states of Georgia, Kansas, Maine, Mississippi, Montana, Oklahoma, Rhode Island, Texas and West Virginia.

Limited to 50% in the states of Indiana, Kentucky, Tennessee and Vermont.

Limited to 40% debit/no credit cap in the state of Minnesota.

No limitation in the states of Arizona, Arkansas, Connecticut, Delaware, Idaho, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Utah, Virginia, Wisconsin and Wyoming.

NE Exception – LB 1119 provides +/-40% subjective rating flexibility.

Not applicable in Hawaii.

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In cases of unique and exceptional exposures for depository and other financial institutions "a" rating applies.

CURRENT

Additional Employment Practices Liability schedule rating factors	
EPL Loss History	+/- 15
Number of Terminations	+/- 10
Merger/Acquisitions/Reorganizations	+/- 15
Additional Lender Liability schedule rating factors	
Lender Liability Loss History	+/- 15
Level of nonperforming loans	+/- 10
Additional Trust Errors & Omission schedule rating factors	
Trust Loss History	+/- 15
Average Experience of Trust Officers	+/- 10
Years in operation	+/- 15
Scope of annual trust department audit	+/- 15

Limited to 25% in the states of Alabama, ~~Arizona~~, *California, Colorado, ~~Connecticut~~, ~~Delaware~~, District of Columbia, Iowa, Louisiana, ~~Michigan~~, Missouri, ~~New Jersey~~, ~~New Mexico~~, ~~North Dakota~~, Ohio, Oregon, South Dakota, ~~Utah~~ and Washington. Limited to 40% in Arkansas, Georgia, Kansas, Maine, ~~Maryland~~, ~~Minnesota~~, Mississippi, Montana, ~~Nevada~~, ~~North Carolina~~, Oklahoma, Pennsylvania, Rhode Island, ~~South Carolina~~, West Virginia. Limited to 50% in ~~all other~~ states. Not applicable in Hawaii. No limitation in ~~Massachusetts~~.

NE Exception – LB 1119 provides +/-40% subjective rating flexibility.

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In cases of unique and exceptional exposures for depository and other financial institutions "a" rating applies.

PROPOSED

Optional Endorsements	
Name	Description
Amend Dec Page: BI-PL-00400AmendDec	Amends the Declaration Page. Used for midterm changes to items on the Declaration Page.
Renewal Dec Page: BI-PL-00400RenewalDec	Documents the renewal of the policy, including the coverages bought with their limits and retentions.
Civil Money Penalties Coverage: BI-PL-00401	Adds coverage for the reimbursement of fines and/or penalties for the individual directors or officers that pay for the coverage. The annual premium for \$50,000 limit per director or officer subject to a \$500,000 total annual aggregate limit can be from \$25 to \$100 per director or officer. The annual premium for \$100,000 limit per director or officer subject to a \$1,000,000 total annual aggregate limit can range from \$35 to \$150 per director or officer. The premium paid is fully earned upon the effective date of coverage.
Regulatory Exclusion: BI-PL-00402	Adds an exclusion of coverage for claims made by a regulatory agency. There is no premium consideration for this endorsement. It is added to the policy when the underwriter's review reveals potential problems with regulators.
Shared Limits/Policy Year Aggregate: BI-PL-00403	Amends Section VI, Limit of Liability & Retention and adds a Policy Year Aggregate Limit of Liability, so that the payment of Loss under one insuring agreement reduces the overall limit available to be paid within a Policy Year. Premium Discount: Up to 20% of the policy premium. (OH/WA only: Premium Discount: 20% of the policy premium.)
Special Exclusion Endorsement: BI-PL-00404	Adds an exclusion of coverage for specifically listed activities such as a company-sponsored baseball team. This endorsement is added to the policy without premium consideration and may be placed on the policy when the underwriter's review reveals an undesirable exposure.
Non-Stacking Endorsement: BI-PL-00405	Eliminates the stacking of limits of liability if an individual is an officer or director for more than one bank. The endorsement is added to the policy without premium consideration. The endorsement is used when a bank holding company has multiple banks and wants separate policies issued for each bank with the bank holding company named on each policy.
Change of Control Endorsement: BI-PL-00406	Adds exclusion for any loss arising out of a wrongful act that involves any change in control or attempted change in control of the company. The endorsement is added to the policy without premium consideration and attached to the policy when the underwriter's review reveals added exposure due to a publicly held bank being bought by an unknown entity.
Allocation of Defense Expenses: BI-PL-00407	Amends Section III - Definitions item F. (defense expenses) to provide for the allocation of defense expenses as stated in the endorsement. The endorsement is available to all policyholders upon request.

CURRENT

Optional Endorsements	
Name	Description
Amend Dec Page: BI-PL-00400AmendDec	Amends the Declaration Page. Used for midterm changes to items on the Declaration Page.
Renewal Dec Page: BI-PL-00400RenewalDec	Documents the renewal of the policy, including the coverages bought with their limits and retentions.
Civil Money Penalties Coverage: BI-PL-00401	Adds coverage for the reimbursement of fines and/or penalties for the individual directors or officers that pay for the coverage. The annual premium for \$50,000 limit per director or officer subject to a \$500,000 total annual aggregate limit can be from \$25 to \$100 per director or officer. The annual premium for \$100,000 limit per director or officer subject to a \$1,000,000 total annual aggregate limit can range from \$35 to \$150 per director or officer. The premium paid is fully earned upon the effective date of coverage.
Regulatory Exclusion: BI-PL-00402	Adds an exclusion of coverage for claims made by a regulatory agency. There is no premium consideration for this endorsement. It is added to the policy when the underwriter's review reveals potential problems with regulators.
Shared Limits/Policy Year Aggregate: BI-PL-00403	Amends Section VI, Limit of Liability & Retention and adds a Policy Year Aggregate Limit of Liability, so that the payment of Loss under one insuring agreement reduces the overall limit available to be paid within a Policy Year. Premium Discount: Up to 20% of the policy premium. (OH/WA only: Premium Discount: 20% of the policy premium.)
Special Exclusion Endorsement: BI-PL-00404	Adds an exclusion of coverage for specifically listed activities such as a company-sponsored baseball team. This endorsement is added to the policy without premium consideration and may be placed on the policy when the underwriter's review reveals an undesirable exposure.
Non-Stacking Endorsement: BI-PL-00405	Eliminates the stacking of limits of liability if an individual is an officer or director for more than one bank. The endorsement is added to the policy without premium consideration. The endorsement is used when a bank holding company has multiple banks and wants separate policies issued for each bank with the bank holding company named on each policy.
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Allocation of Defense Expenses: BI- PL -00407	Amends Section III - Definitions item F. (defense expenses) to provide for the allocation of defense expenses as stated in the endorsement. The endorsement is available to all policyholders upon request.

PROPOSED

General Cancellation Clause: BI-PL-00408	Amends the policy to allow notice of cancellation to a specific entity and for a specified amount of time. The endorsement is added to the policy without premium consideration.
Extended Reporting Period: BI-PL-00409	Provides an extended period of time to report claims that are first made against the insured during the extended reporting period but only with respect to any wrongful act committed prior to the beginning of such period and after the retroactive date. The endorsement is available to all policyholders. The premium for a 12 month period is 75% of the annual premium, except for Maine where it is 150% of the annual premium. The premium is fully earned as of the effective date of the extended reporting period.
Additional Insured Persons Endorsement: BI-PL-00410	Adds specific insureds or types of individuals such as attorneys or surveyors to the policy. The endorsement is available to policyholders based on loss experience and the policies, safe guards and procedures in place to identify and reduce exposure. Premium Charge: 5 to 10% of the annual policy premium for each additional insured or type of insured. (WA – Premium Charge: 5% of the annual policy premium for each additional insured or type of insured.)
Service Provider Endorsement: BI-PL-00411	Adds specific service provider(s) to the definition of covered electronic system.
Conversion Exclusion Endorsement: BI-PL-00412	Adds exclusion for any loss arising out of the conversion of a mutual institution to a stock institution or company. The endorsement is added to the policy without premium consideration and attached to the policy when the underwriter's review reveals added exposure due to the potential for a mutual institution to convert to a stock institution or company.

CURRENT

General Cancellation Clause: BI- BE -00408	request. Amends the policy to allow notice of cancellation to a specific entity and for a specified amount of time. The endorsement is added to the policy without premium consideration.
Extended Reporting Period: BI- BE -00409	Provides an extended period of time to report claims that are first made against the insured during the extended reporting period but only with respect to any wrongful act committed prior to the beginning of such period and after the retroactive date. The endorsement is available to all policyholders. The premium for a 12 month period is 75% of the annual premium, except for Maine where it is 150% of the annual premium. The premium is fully earned as of the effective date of the extended reporting period.
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UNDERWRITING 405/290-5678 · CLAIMS 405/290-5679 · 5005 N. LINCOLN BLVD., 73105 · P.O. BOX 26104 · OKLAHOMA CITY, OK 73126-0104

July 10, 2007

Commissioner Julie Benafield Bowman
Arkansas Department of Insurance
1200 West Third Street
Little Rock, AR 72201-1904

Attn: Property & Casualty Division

RE: BancInsure, Inc. NAIC # 0000-18538 FEIN # 731238130
Independent Rule Filing – Revised Rating Plan Manual – Form BI-PL (07 07) - 1
Effective: August 30, 2007 or upon approval whichever is the earliest
17. Other Liability – Extended Professional Liability
Company Filing #PR AR0231301R01-A2

Dear Commissioner Bowman:

We wish to submit our revised Rating Plan Manual for our new Extended Professional Liability Insurance program which was recently approved by your department on May 3, 2007.

The purpose of this filing is to replace our originally filed Rating Plan Manual (Pages 1–7) and submit our newly revised Rating Plan which will contain the form number BI-PL (07 07)-1.

The Rating Plan Manual has been revised as follows:

- (1) we have revised the Schedule Rating Table state exceptions for the debit/credit limits (page 5 of 7);
- (2) corrected typographical errors located in the optional endorsement's form numbers (page 6 and 7); and
- (3) created form number BI-PL (07 07)-1 for the Rating Plan Manual.

Upon approval, this filing will apply to all policies effective on or after August 30, 2007 or upon approval whichever is the earliest.

We trust with the enclosed information, you will be able to review our filing and grant approval. Please return a copy of your approval in the enclosed self-addressed, stamped envelope. Should you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,

Marlene Patterson
Filings Analyst
Phone: 800-221-1825 Ext.: 230
Fax: 405-290-5703
Email: mpatterson@bancinsure.com

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Rate and Rule	Rating Plan Manual - BI-PL (07 07)-07-10-2007 1		RATING PLAN MANUAL (07 07).pdf



Rating Plan for the Extended Professional Liability Insurance Policy and Related Coverages

General Rules

- Coverage:**
- Extended Professional Liability Insurance Policy, Form Number BI-PL-00400 (0407).
 - Optional endorsements, as listed in this document.
- Limit of Liability:** The basic limit of liability is \$1,000,000.
- Retention:** The basic self-insured retention is \$10,000.
- Term:** Policies may be issued for a term of one, two, or three years.
- Premiums:** The premium calculation procedure produces annual premiums. Premiums for multi-year policies are subject to annual adjustment or may be prepaid for the full policy period
- Minimum Premiums:** Minimum premium is \$1,000 annually and minimum earned premium is \$500.
- Three Year Prepaid Premium Rule:** Compute the annual premium using rules and rates in effect at the inception date, then multiply the result by a term factor of up to 3.0. (WA – the term factor is 3.0)
- Cancellation Rule:**
- A. Compute return premium pro rata of the charged premium and round to the next higher whole dollar when the cancellation or deletion is at the company's request; or because coverage is to be rewritten in the same company.
 - B. Compute return premium at .90 of the pro rata unearned premium and round to the next higher whole dollar when the cancellation or deletion is at the insured's request.

Rating Procedure

Complete the following steps for each Insuring Agreement being quoted.

1. Determine the base rate, without interpolating, for the appropriate asset or revenue size group from the Base Rate Table. For Trust Department coverage, the base rate asset size is based on the total amount of trust assets under management. Multiply the base rate by the appropriate Form of Coverage modifier from the Form Coverage Modifier Table.
2. Compute retention credit/surcharge as follows: Multiply the premium computed in step 1 by the appropriate optional retention factor (RF), from the Retention Factors Table, to obtain amount of retention credit or surcharge. If the retention is less than 10,000, then there is a retention surcharge. If the retention is greater than 10,000, then there is a retention credit.
3. Multiply the premium computed in step 1 by the appropriate optional limit factor (OLF), from the Optional Limit Factors Table.

4. If the retention is greater than 10,000, subtract the retention credit from the premium computed in step 3, or if the retention is less than 10,000, add the retention surcharge to the premium computed in step 3.
5. Multiply the premium computed in step 4 by a risk modifier computed from the Schedule Rating Table to compute the final coverage premium.

Base Rate Table	
Asset or revenue size in millions	Base Rate
Up to 50	2,000
50-60	2,200
60-70	2,400
70-80	2,600
80-90	2,800
90-100	3,000
100-110	3,200
110-120	3,400
120-130	3,600
130-140	3,800
140-150	4,000
150-160	4,200
160-170	4,400
170-180	4,600
180-190	4,800
190-200	5,000
200-225	5,250
225-250	5,500
250-275	5,750
275-300	6,000
300-325	6,250
325-350	6,500
350-375	6,750
375-400	7,000
400-425	7,250
425-450	7,500
450-475	7,750
475-500	8,000
500-600	8,400
600-700	8,800
700-800	9,200
800-900	9,600
900-1,000	10,000
1,000-1,500	10,500
1,500-2,000	11,500
2,000-2,500	12,500
2,500-3,000	13,500
> 3,000	Refer to company

Form of Coverage Modification Table	
Insuring Agreement	Modifier
A. Executive Liability & B. Company Reimbursement	1.00
C. Company Professional Liability	1.00
D. Company Lender Liability	0.50
E. Company Securities Liability	0.25
F. Employment Practices Liability	0.30
G. Harassment of Third Parties Liability	0.10
H. Electronic Banking Liability	0.50
I. Electronic Publishing Liability	0.20
J. Fiduciary Liability	0.15
K. Trust Department Liability	1.00
L. Public Relations Expenses	0.10
M. Customer Privacy Expenses	0.15
N. Investigative Expenses	0.02

Optional Retention Factors Table	
Apply Before Optional Limit Factor	
0	0.90
1,000	0.50
2,500	0.22
5,000	0.10
10,000	0.00
15,000	0.10
20,000	0.13
25,000	0.15
30,000	0.17
40,000	0.21
50,000	0.25
75,000	0.32
100,000	0.40
150,000	0.45
200,000	0.48
250,000	0.50
500,000	0.65
750,000	0.80
1,000,000	0.85

Optional Limit Factors Table	
Limit	Factor
25,000	0.10
50,000	0.15
100,000	0.25
250,000	0.50
500,000	0.75
1,000,000	1.00
2,000,000	1.45
3,000,000	1.80
4,000,000	2.15
5,000,000	2.45
> 5,000,000	Refer to company

Schedule Rating Table	
Criteria	Credit/Debit Range in %
Basic schedule rating factors to be applied to all Insuring Agreements	
Litigation/Loss History	+/- 15
Number of Stockholders: Publicly Traded, Closely Held vs. Mutual	+/- 15
Management Experience	+/- 15
Scope of external audit	+/- 25
Insurance agency operations	+/- 15
Security brokerage operations	+/- 15
Subsidiary structure	+/- 10
Profitability	+/- 10
Level of nonperforming loans	+/- 15
Additional Electronic Banking and Electronic Publishing schedule rating factors	
Electronic Banking and Publishing Loss History	+/- 15
Incidences of unplanned downtime > 4 hours	+/- 10
Extent of e-banking: Account access only vs. taking loan applications on-line, etc.	+/- 15
On-line trading	+/- 25
Extent of IT out-sourcing	+/- 15
Regulatory criticisms of IT operations	+/- 15
Level of IT security policies & procedures	+/- 15

Additional Employment Practices Liability schedule rating factors	
EPL Loss History	+/- 15
Number of Terminations	+/- 10
Merger/Acquisitions/Reorganizations	+/- 15
Additional Lender Liability schedule rating factors	
Lender Liability Loss History	+/- 15
Level of nonperforming loans	+/- 10
Additional Trust Errors & Omission schedule rating factors	
Trust Loss History	+/- 15
Average Experience of Trust Officers	+/- 10
Years in operation	+/- 15
Scope of annual trust department audit	+/- 15

Limited to 25% in the states of Alabama, *California, Colorado, District of Columbia, Iowa, Louisiana, Missouri, Ohio, Oregon, South Dakota and Washington.

Limited to 40% in the states of Georgia, Kansas, Maine, Mississippi, Montana, Oklahoma, Rhode Island, Texas and West Virginia.

Limited to 50% in the states of Indiana, Kentucky, Tennessee and Vermont.

Limited to 40% debit/no credit cap in the state of Minnesota.

No limitation in the states of Arizona, Arkansas, Connecticut, Delaware, Idaho, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Utah, Virginia, Wisconsin and Wyoming.

NE Exception – LB 1119 provides +/-40% subjective rating flexibility.

Not applicable in Hawaii.

*California – In case of unique risk having exceptional characteristics, the credit may exceed up to a maximum of -50%. We will maintain supporting factual documentation to justify the additional credits which will be available for review by the Commissioner.

In cases of unique and exceptional exposures for depository and other financial institutions “a” rating applies.

Optional Endorsements

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