

State: District of Columbia **Filing Company:** Pharmacists Mutual Insurance Company
TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess
Product Name: COMMERCIAL UMBRELLA
Project Name/Number: 2018 UCL FORM REVISIONS/DC-UCL-04-01-18-RU

Filing at a Glance

Company: Pharmacists Mutual Insurance Company
 Product Name: COMMERCIAL UMBRELLA
 State: District of Columbia
 TOI: 17.0 Other Liability-Occ/Claims Made
 Sub-TOI: 17.0020 Commercial Umbrella and Excess
 Filing Type: Rule
 Date Submitted: 01/11/2018
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 Effective Date: 04/01/2018
 Requested (New):
 Effective Date: 04/01/2018
 Requested (Renewal):
 Author(s): Heidi Allen, Jen Swift, Damon Berkland, Maggie Eden
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 Disposition Date: 02/22/2018
 Disposition Status: APPROVED
 Effective Date (New):
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General Information

Project Name: 2018 UCL FORM REVISIONS Status of Filing in Domicile: Authorized
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 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 02/22/2018
 State Status Changed: Deemer Date:
 Created By: Maggie Eden Submitted By: Maggie Eden
 Corresponding Filing Tracking Number: PHAR-131330708

Filing Description:

Pharmacists Mutual Insurance Company (PhMIC) is a member of AAIS for our Commercial Umbrella Program in your state. With this submission, we are filing revisions to our Countrywide Manual to coincide with our FORM filing (PHAR-131330708).

We are requesting an effective date of April 1, 2018 for new and renewal business.

Company and Contact

Filing Contact Information

Maggie Eden, maggie.eden@phmic.com
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 Algona, IA 50511

Filing Company Information

Pharmacists Mutual Insurance Company	CoCode: 13714	State of Domicile: Iowa
808 Highway 18 West	Group Code: 775	Company Type: Mutual
P.O. Box 370	Group Name: PMC	State ID Number:
Algona, IA 50511	FEIN Number: 42-0223390	
(800) 247-5930 ext. [Phone]		

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

SERFF Tracking #:

PHAR-131330716

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
APPROVED	Robert Nkojo	02/22/2018	02/22/2018

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Disposition

Disposition Date: 02/22/2018

Effective Date (New):

Effective Date (Renewal):

Status: APPROVED

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Consulting Authorization		Yes
Supporting Document	Actuarial Certification (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)		Yes
Supporting Document	District of Columbia and Countrywide Loss Ratio Analysis (P&C)		Yes
Supporting Document	Filing Memorandum and Side by Side Comparison		Yes
Rate	Countrywide Commercial Umbrella Rates & Rules Manual, edition 04 18		Yes

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Countrywide Commercial Umbrella Rates & Rules Manual, edition 04 18	All	Replacement	PHAR-129640243	CW UCL RATES-RULES 04 18.pdf

COMMERCIAL UMBRELLA LIABILITY PROGRAM
PHARMACISTS MUTUAL INSURANCE COMPANY

RULE 1 – ELIGIBILITY

1.1 Eligibility Requirements

- 1.1.1.** Risks eligible for underlying insurance with Pharmacists Mutual Insurance Company will be considered eligible for the Commercial Umbrella Liability program.

Use Form CU 0001 to provide Commercial Excess/Umbrella Liability Coverage.

- 1.1.2.** It is mandatory that the underlying General Liability coverage for the main business of the risk be provided by Pharmacists Mutual Insurance Company.

Other underlying coverage(s) may also be required to be provided by Pharmacists Mutual Insurance Company as well.

- 1.1.3.** The Commercial Excess/Umbrella Liability policy may only be written excess of an acceptable carrier if not provided by Pharmacists Mutual Insurance Company.

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RULE 2 – PROGRAM DESCRIPTION

2.1 Policy Form

The CU 0001 Commercial Excess/Umbrella Liability Coverage provides excess following form liability coverage for those policies listed in the schedule of underlying insurance on the declarations page of the policy. Coverage is provided on either an occurrence or a claims-made basis following the underlying coverage form.

Umbrella liability coverage is provided on a drop down occurrence basis over a self-insured retention for liability not covered by scheduled underlying insurance. Umbrella liability coverage is also provided on a drop down occurrence basis for liability covered by other insurance. Other insurance is insurance that is available for an insured that is neither scheduled underlying insurance nor insurance that has been purchased to apply specifically as excess of the coverage provided by the CU 0001.

2.2 Principal Coverages

The following is a general description of the principal coverages provided by the Commercial Excess/Umbrella Liability Coverage Form. The policy form should be consulted for specific coverage elements, exclusions, and conditions.

2.2.1 Coverage E – Excess Liability

When underlying coverage is provided on an occurrence basis, Coverage E provides following form coverage for claims of bodily injury, property damage, personal injury, and advertising injury in excess of underlying insurance arising out of the premises and operations exposures of the insured's business. Coverage is also provided for claims of bodily injury and property damage in excess of underlying insurance arising out of products and completed work exposures of the insured's business. This coverage is provided on an occurrence basis when the underlying coverage is provided on an occurrence basis.

Coverage E also provides following form coverage for claims of bodily injury and property damage in excess of underlying insurance caused by watercraft, motor vehicles, mobile equipment, or recreational vehicles. Excess coverage does not include automobile no fault, uninsured motorist, underinsured motorist, first party physical damage, personal injury protection, automobile medical payments, or similar coverage.

Coverage E will also provide the following form coverage for claims caused by a negligent act, error, omission, injury, event, incident, or offense covered by underlying insurance that is written on an occurrence or a claims-made basis. If underlying insurance provides an extended reporting period, then Coverage E will provide an Extended Reporting Period subject to the same terms of the extended reporting period provided by underlying insurance.

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If the applicable limits of underlying insurance are reduced by payment of defense costs, the limits of Coverage E will be reduced by payment of related defense costs.

The terms, definitions, conditions, and exclusions of the policies of underlying insurance govern the coverage provided by Coverage E except for provisions pertaining to premium, right of recovery, cancellation or nonrenewal, insurance under more than one policy, defense, limits, any agreement to renew, and other terms under Coverage E.

2.2.2 Coverage U – Umbrella Liability

Coverage U provides umbrella liability coverage for claims of bodily injury, property damage, personal and advertising injury in excess of either the retained limit or the amount payable under other insurance, whichever is greater, arising out of the premises and operations exposures of the insured's business. Coverage is also provided for claims of bodily injury and property damage in excess of either the retained limit or the amount payable under other insurance, whichever is greater, arising out of the products and completed work exposures of the insured's business. This coverage is provided on an occurrence basis.

Coverage U does not provide coverage for claims arising out of automobiles, aircraft, watercraft, mobile equipment, or recreational vehicles.

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2.3 Policy Limits

2.3.1 Each Occurrence Limit

The basic each occurrence limit for the Commercial Excess/Umbrella Liability Coverage, form CU 0001, is \$1,000,000 for each occurrence.

Show the Each Occurrence Limit on the declarations.

2.3.2 Aggregate Limits

The Commercial Excess/Umbrella Liability Coverage provided by the CU 0001 is subject to the General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit described below.

General Aggregate Limit – The General Aggregate Limit is the most that will be paid during a 12 month policy period for all covered damages, except damages included in the products/completed work hazard and damages which are not subject to an aggregate limit in underlying insurance.

The General Aggregate Limit is equal to the Each Occurrence Limit.

Product/Completed Work Hazard Aggregate Limit -- The Products/Completed Work Hazard Aggregate Limit is the most that will be paid during a 12 month policy period for damages included in the products/completed work hazard.

The Products/Completed Work Hazard Aggregate Limit is equal to the Each Occurrence Limit.

Show the General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit on the declarations.

2.3.3 Higher Limits

Higher liability limits may be available, subject to reinsurance acceptance.

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2.4 Underlying Insurance – Minimum Limits

The coverages provided under Coverage E of form CU 0001 apply in excess of the limits that apply to underlying insurance. The Commercial Excess Liability policy and the underlying policies must be written on a concurrent basis if there is an Aggregate Liability Limit provided by the underlying policy. If the Insured fails to maintain the underlying coverage in force for the term of the Umbrella Excess Liability policy, the Umbrella Excess Liability policy will cover as though the underlying policy was available and collectible.

The minimum limits for underlying insurance are specified below.

<u>Underlying Insurance</u>	<u>Minimum Limits</u>
Automobile Liability	500,000 Bodily Injury per person 500,000 Bodily Injury per occurrence 100,000 Property Damage per occurrence or 500,000 Combined Single Limit
Watercraft Liability	1,000,000 Combined Single Limit
General Liability	500,000 per occurrence 1,000,000 general aggregate 500,000 personal injury & advertising injury 500,000 products aggregate
Pharmacy Professional Liability	500,000 per occurrence
Employers' Liability	500,000 each accident 500,000 each employee/disease 500,000 policy limit/disease
Liquor Liability	500,000 per occurrence 1,000,000 aggregate
Employee Benefits Liability	500,000 per occurrence 500,000 aggregate

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2.5 Self-insured Retention

When Coverage U – Umbrella Liability Coverage applies to an occurrence or offense that is not covered by underlying insurance or other insurance, form CU 0001 will apply in excess of a \$10,000 Retained Limit.

Show the Self-insured Retention Limit on the Declarations.

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RULE 3 – POLICYWRITING INSTRUCTIONS

3.1 Policy Format

The Commercial Excess/Umbrella Liability consists of form CU 0001, Commercial Excess/Umbrella Liability Coverage.

Refer to the forms and endorsements listing to determine if any mandatory endorsements apply.

3.2 Policy Term

Commercial Excess/Umbrella Liability policies may be written for a term of one year. A policy may be written for a term of less than one year in order to maintain common anniversary dates with other policies. Prorate the annual premium.

3.3 Endorsements

Information called for as entries on endorsements can be shown on the declarations page or a supplemental schedule instead.

3.4 Cancellations or Reductions in Limits or Coverages

If the policy is cancelled or the limits are reduced, the amount of any return premium due is calculated on a pro rata basis.

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RULE 4 – ADDITIONAL EXCLUSIONS

4.1 Exclusion – Fungus or Related Perils

Coverage can be excluded under Coverages E and U for bodily injury, property damage, or personal and advertising injury arising out of fungus or related perils, as defined in the endorsement; clean-up costs or costs for testing; and costs due to claims by governmental authorities.

However, exceptions apply to bodily injury that results from a fungus cultivated or harvested for human consumption or a food or beverage-borne bacterium that causes illness commonly known as food poisoning, and to bodily injury suffered by an insured's employee while performing duties in connection with the insured's farming operations, but only to the extent that bodily injury to an insured's employee is covered by the policy.

Attach endorsement CU 0702.

4.2 Exclusion – Auto Liability

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of any auto.

Attach endorsement CU 0706.

4.3 Exclusion – Designated Auto

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of designated autos.

Attach endorsement CU 0707 and identify the excluded vehicle.

4.4 Exclusion – Non-Owned Auto Liability Coverage – Hired Auto Liability Coverage

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the use of a non-owned auto, as defined in the endorsement, in the insured's business or arising out of the maintenance or use of a hired auto, as defined in the endorsement, by the named insured or the named insured's employees in the course of the insured's business.

Attach endorsement CU 0708.

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4.5 Exclusion – Contractual Liability

Coverage can be excluded under Coverage E or Coverage U for bodily injury or property damage liability which is assumed by the insured under a contract or an agreement.

Attach endorsement CU 0709 (Coverage U).

Attach endorsement CU 0710 (Coverage E).

4.6 Exclusion – Products/Completed Work Hazard

Coverage can be excluded under Coverage E and Coverage U for bodily injury or property damage included within the products/completed work hazard.

Attach endorsement CU 0711.

4.7 Exclusion – Designated Products

Coverage can be excluded under Coverages E and Coverage U for bodily injury or property damage included in the products/completed work hazard and arising out of designated products.

Attach endorsement CU 0713 and identify the excluded products.

4.8 Exclusion – Designated Work

Coverage can be excluded under Coverages E and Coverage U for bodily injury or property damage included in the products/completed work hazard and arising out of the named insured's designated work.

Attach endorsement CU 0714 and identify the excluded work.

4.9 Exclusion – Designated Premises

Coverage can be excluded under Coverage E and Coverage U for injury or damage arising out of the ownership, maintenance, or use of a designated premises or incidental to such ownership, maintenance, or use of designated premises.

Attach endorsement CU 0715 and identify the excluded premises.

4.10 Exclusion – Designated Project

Coverage can be excluded under Coverage E and Coverage U for injury or damage arising out of the named insured's designated projects away from premises owned by or rented to the named insured.

Attach endorsement CU 0716 and identify the excluded projects.

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4.11 Exclusion Personal and Advertising Injury Liability

Coverage can be excluded under Coverage E and Coverage U for liability arising out of personal and advertising injury.

Attach endorsement CU 0717.

4.12 Exclusion – Real Property – Care, Custody, and Control

Coverage can be excluded under Coverage E and Coverage U for property damage to real property owned by, occupied by, or rented to the named insured; to real property used by the insured; or to real property in the care, custody, or control of the insured.

The exclusion applies to any cost or expense incurred by the named insured or another person or organization to repair, retrofit, replace, or maintain such property for any reason.

Attach endorsement CU 0718.

4.13 Exclusion – Professional Liability

Coverage can be excluded under Coverage E for injury or damage arising out of the rendering of or failure to render a professional service.

Attach endorsement CU 0719.

4.14 Exclusion – Employee Benefits Liability

Coverage can be excluded under Coverage E for injury or damage to an employee caused by the negligent act, error, or omission of the insured, or of any person for whose acts the insured is legally liable, in the administration of an employee benefit program, as defined in the endorsement.

Attach endorsement CU 0720.

4.15 Exclusion – Liquor Liability

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures.

The exclusion is subject to an exception for bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0721. Do not attach endorsement CU 0739 or endorsement CU 0740 when the policy includes CU 0721.

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4.16 Exclusion – Watercraft Liability

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of watercraft.

Attach endorsement CU 0722.

4.17 Exclusion – Designated Watercraft

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of designated watercraft.

Attach endorsement CU 0723 and identify the excluded watercraft.

4.18 Exclusion – Cross Liability

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury committed by an insured against another insured.

Attach endorsement CU 0724.

4.19 Punitive Damages Exclusion

Coverage can be excluded under Coverage E and Coverage U for punitive or exemplary damages, as well as any costs, attorney fees, interest, or damages attributable to an award of punitive or exemplary damages.

However, defense coverage is provided for a suit brought against an insured seeking both compensatory damages and punitive or exemplary damages for covered occurrences or offenses.

Attach endorsement CU 0725.

4.20 Exclusion – Employers Liability

Coverage can be excluded under Coverage E for bodily injury to an employee of the insured that occurs in the course of employment by the insured or while performing duties related to the conduct of the insured's business. Consequential bodily injury to various relatives of the insured is also excluded.

The exclusion is subject to an exception for liability assumed by the insured under a covered contract.

Attach endorsement CU 0726.

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4.21 Exclusion – Directors and Officers – Professional Liability

Professional liability coverage can be excluded under Coverage E for injury or damage arising out of or resulting from an act, error, omission, or breach of duty committed by the named insured's directors or executive officers while acting within the scope of their duties as such.

The exclusion is subject to an exception for injury or damage covered by underlying insurance, other than professional liability coverage, or that would have been covered but for the exhaustion of the limits of such underlying insurance.

Attach endorsement CU 0727.

4.22 Exclusion – Umbrella Liability

Coverage U can be deleted in its entirety.

Attach endorsement CU 0730.

4.23 Exclusion -- Designated Ongoing Operation

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury arising out of a designated ongoing operation, whether such operation is conducted by the named insured or on the named insured's behalf. If a location is specified, the exclusion applies only to the designated ongoing operation at that location.

Attach endorsement CU 0731 and identify the excluded ongoing operation. Specify the location, if applicable.

4.24 Exclusion – Abuse or Molestation

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury arising out of the abuse or molestation of anyone while in the care, custody, or control of any insured.

Attach endorsement CU 0732.

4.25 Exclusion – Athletic or Sports Participants

Coverage can be excluded under Coverage E and Coverage U for bodily injury to any person participating in or practicing for any athletic or sports activity that the named insured sponsors.

Attach endorsement CU 0733.

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4.26 Exclusion – Intercompany Products Suits

Coverage can be excluded under Coverage E and Coverage U for any claim for damages by an insured against another insured because of bodily injury or property damage arising out of products and included within the products/completed work hazard.

Attach endorsement CU 0734.

4.27 Exclusion – Total Pollution

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of pollutants at any time; clean-up costs or costs for testing; and costs due to claims by governmental authorities.

Attach endorsement CU 0736.

4.28 Expanded Liquor Liability Exclusion

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures. This exclusion applies more broadly than the normal liquor liability exclusion found in underlying insurance by removing the "in the business of" language.

The exclusion is subject to an exception for bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0739. Do not attach endorsement CU 0721 or endorsement CU 0740 when the policy includes endorsement CU 0739.

4.29 Expanded Liquor Liability Exclusion – Exception for Scheduled Events

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures. This exclusion applies more broadly than the normal liquor liability exclusion found in underlying insurance by removing the "in the business of" language.

The exclusion is subject to an exception which applies to bodily injury or property damage arising out of the furnishing, serving, or selling of alcoholic beverages at designated events shown in the Schedule, as well as a follow form exception for such bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0740 and identify the events to be covered. Do not attach endorsement CU 0721 or endorsement CU 0739 when the policy includes endorsement CU 0740.

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RULE 5 – COVERAGE OPTIONS

5.1 Extended Reporting Period

If an extended reporting period is purchased according to the extended reporting period's provision under Coverage E, a separate extended reporting period aggregate limit, equal to the same dollar amount as the General Aggregate Limit shown in the declarations, is provided for claims first received and recorded during the Extended Reporting Period.

Attach endorsement CU 0401 and show the premium charge, coverage, and number of years (if different than three) in the Schedule.

5.2 Contractual Liability Limitation

The definition of covered contract can be amended to limit the contractual liability coverage that is available under Coverage U to contractually assumed liability under a lease of premises, an easement or a license agreement, a responsibility to indemnify a municipality if required by an ordinance, a sidetrack agreement, or an elevator maintenance agreement.

Attach endorsement CU 1002.

5.3 Professional Liability Limitation

Professional liability coverage can be limited under Coverage E to designated professional services shown in the Schedule.

Attach endorsement CU 1005 and identify the covered professional service

5.4 Coverage Territory Limitation

The definition of coverage territory under Coverage U can be amended to limit coverage to the United States of America, its territories and possessions, Canada, and Puerto Rico. Limited worldwide coverage is provided for business travel, products, and personal and advertising injury subject to certain conditions.

Attach endorsement CU 1006.

5.5 Products/Completed Work Hazard Expanded Definition

With respect to bodily injury or property damage arising out of products in connection with the use of any described premises or in connection with the conduct of any described operation, the definition of products hazard under Coverage E can be expanded to include any such bodily injury or property damage occurring at premises the named insured owns or rents.

Attach endorsement CU 1011 and identify the premises or operation.

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5.6 Waiver of Subrogation

The company can waive its right of recovery against a person or organization named in the Schedule due to payments the company has made for injury or damage arising out of the named insured's ongoing operations or arising out of the named insured's work done under a contract with such described person or organization and included in the products/completed work hazard.

Attach endorsement CU 1012 and identify the person or organization.

5.7 Liability Coverage -- Designated Premises

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, maintenance, or use of any premises other than described premises or arising out of operations that are necessary or incidental to the ownership, maintenance, and use of any premises other than such described premises.

Attach endorsement CU 1013 and identify the covered premises.

5.8 Liability Coverage -- Designated Project

Coverage can be excluded under Coverage E for injury or damage arising out of any of the named insured's projects, other than designated projects, away from premises owned by or rented to the named insured.

Attach endorsement CU 1014 and identify the covered projects.

5.9 Known Injury or Damage Amendment

The Coverage E insuring agreement can be amended to state that coverage applies only to bodily injury or property damage that is not a continuation of, resumption of, or change in bodily injury or property damage that was known by a designated insured prior to the policy period.

Attach endorsement CU 1028.

5.10 FOR FUTURE USE

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5.11 Deletion of Silica Exclusion

The silica exclusion under Coverage E and U can be amended to delete the silica exclusion for any loss, cost, or expense that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance. The coverage provided by this policy will be subject to the provisions, exclusions, and limitations of the underlying insurance.

Attach endorsement PM 5103.

5.12 Aggregate Limit of Insurance

The General Aggregate Limit and Products/Completed Work Hazard Aggregate Limit can be combined under a single Aggregate Limit. The Aggregate Limit is the most that will be paid during a 12 month policy period for all covered damages, except damages which are not subject to an aggregate limit in underlying insurance. The Aggregate Limit is equal to the Each Occurrence Limit.

Attach endorsement PM 5107 and show the Aggregate Limit on the declarations.

5.13 Duty to Defend Ends with Tendered Limit

This mandatory endorsement adds a fourth scenario under which our duty to defend is limited: by payment of the policy limit.

Attach endorsement PM 5109.

5.14 Products/Completed Work Hazard

The Products/Completed Work Hazard under Coverage E and Coverage U can be amended to exclude "bodily injury" or "property damage" within the "products/completed work hazard".

Attach endorsement PM 5141.

5.15 Errors and Omissions

The Errors and Omissions Endorsement can be added under Coverage U to exclude "bodily injury", "property damage", or "personal and advertising injury" that are covered by an Errors and Omissions policy.

Attach endorsement PM 5142.

**COMMERCIAL UMBRELLA LIABILITY PROGRAM
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RULE 6 -- TERRORISM

6.1 Certified Acts of Terrorism

In accordance with TRIPRA, companies providing insurance under the AAIS Commercial Umbrella Liability Program must make available coverage for certified terrorism loss while TRIP remains in effect. The mandatory offer of coverage is required at the time of offer, purchase, and renewal of the policy.

Policyholder Disclosure CL 1045 includes the terms needed to fulfill the mandatory offer requirement. The CL 1045 requires the insured's or applicant's signature to acknowledge being informed of the offer of coverage for loss resulting from certified acts of terrorism and to acknowledge being informed of the portion of the annual premium that is attributable to coverage for certified acts of terrorism. The CL 1045 also discloses the \$100 billion cap on annual aggregate losses.

When coverage is provided for certified terrorism loss, the premium charged for the portion of coverage the company retains and the federal share of compensation for insured losses must be disclosed as a separate line item of the policy.

Endorsements CL 0605 and CL 1605 can be used for this purpose or disclosure can be made on the declaration page of the policy. Endorsement CL 0605 can be used when TRIP is not scheduled to terminate while the policy is in force. Endorsement CL 1605 can be used when TRIP is scheduled to terminate while the policy is in force. If either of these endorsements is used to satisfy the separate line item disclosure requirement, make an entry on the endorsement schedule to indicate the premium charged for loss caused by certified acts of terrorism.

The following rules address the use of the endorsements that address certified acts of terrorism.

6.1.1 Coverage for Certified Terrorism Loss Capped

When the insured accepts the offer of coverage for loss resulting from certified acts of terrorism, coverage for such loss can be capped at \$100 billion annually, which is the maximum annual aggregate limit of liability set forth by TRIPRA.

Attach endorsement CU 1301.

6.2 Terrorism Exclusion for Auto Bodily Injury or Property Damage

Coverage can be excluded under Coverage E for bodily injury or property damage caused by terrorism, as defined in the endorsement, arising out of the ownership, maintenance, use, occupancy, renting, operation, loaning, entrusting, supervision, or loading or unloading of an auto which is covered by underlying insurance.

Attach endorsement CU 1303.

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RULE 7 – PREMIUM DETERMINATION

Follow these steps to compute the Commercial Excess/Umbrella Liability premium:

STEP 1 – Determine manual liability premiums for each coverage of underlying insurance: premises, premises/operations, products/completed work, auto, professional liability, liquor liability, etc. When underlying liability coverage is provided by a Businessowners package, use the entire Businessowners manual package premium.

Manual premiums are premiums that do not reflect the application of credits, debits, or modifiers.

If underlying premiums or modifiers are not available, a manual premium should be calculated using standard company rules and rating procedures.

STEP 2 – For Businessowners, determine the classification of the risk (Office, Apartment, Service, Retail).

For other than Businessowners, determine the catastrophe potential of each underlying coverage to one of the following catastrophe classifications. An account might be high for auto, low for premises and operations and medium for products/completed work.

HIGH: This represents the greatest exposure to a catastrophic loss. This classification is also used for that part of an umbrella risk where underlying insurance might become exhausted through a series of small losses.

MEDIUM: This classification represents a moderate catastrophe potential. Underlying limits are not likely to be exhausted by a series of small losses.

LOW: This classification represents a very limited chance of a catastrophic loss. There is a very remote chance that limits of underlying insurance will be exhausted by a series of smaller losses.

STEP 3 – Multiply the manual premium determined for each underlying coverage by the appropriate premium factor found in Rule 9.1. Use Minimum Underlying Limits Factor when underlying limits are met. Use Increased Underlying Limits Factor when underlying limits exceed the minimum limit required. Underlying Limits requirements are referenced in Rule 2.4.

STEP 4 – Add the premiums derived from Step 3 to obtain the umbrella/excess liability premium.

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STEP 5 – Multiply the applicable individual risk premium modification as determined in Rule 8 by the result of Step 4 to determine the modified premium. This modified premium is subject to the minimum premium referenced in Rule 9.2.

STEP 6 – If the policy includes Certified Terrorism Loss coverage, add the premium calculated for this Coverage Option to the result of Step 5.

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RULE 8 – INDIVIDUAL RISK PREMIUM MODIFICATION

Refer to state regulations for specific individual risk premium modification requirements.

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the rates.

The total amount of credit or debit developed using the following table cannot exceed 25%.

The credit or debit developed by the use of this rule is applied after all other rating procedures.

Risk Variations	Range of Modifications		
	Credit		Debit
Loss experience and subsequent preventative measures	-5%	to	+5%
Management: Cooperation of owners or operators with recommendations for safety and control of hazards	-5%	to	+5%
Condition of premises	-10%	to	+10%
Nature and Use of Products	-10%	to	+10%
Location: accessibility, congestion, and exposures	-5%	to	+5%
Underlying Insurance Program (limits of liability, multiple aggregates, aggregate limits, etc.)	-10%	to	+10%

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RULE 9 – RATES AND MINIMUM PREMIUMS

9.1 Premium Factors		Minimum Underlying Limits <u>Factor</u>	Increased Underlying Limits <u>Factor</u>
Commercial Auto Liability:	High	0.26	0.18
	Medium	0.18	0.13
	Low	0.16	0.11
Commercial Liability: Premises and Operations:	High	0.22	0.18
	Medium	0.18	0.15
	Low	0.17	0.14
Products/Completed Work:	High	0.23	0.19
	Medium	0.20	0.16
	Low	0.19	0.15
Businessowners Liability:	Office	0.07	0.06
	Apartment	0.06	0.05
	Service	0.08	0.07
	Retail	0.10	0.08
Miscellaneous Liability: (Includes professional, liquor, employee benefits, & watercraft)	High	0.25	0.20
	Medium	0.15	0.12
	Low	0.12	0.10

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9.2 Minimum Premium

The following are the minimum premium charges for \$1,000,000 of coverage based on the business risk:

<u>Business Risk</u>	<u>Minimum Premium</u>
No Professional Liability, No Automobile Liability	\$350
No Professional Liability, With Automobile Liability	\$500
Professional Liability (other than pharmacy or home healthcare Professional Liability)	\$500
Home Healthcare Professional Liability	\$550
Pharmacy Professional Liability	
No compounding or simple non-sterile compounding	\$500
Complex Non-Sterile compounding	\$750
Sterile compounding, no epidurals, no intrathecal injectables	\$2,500
Sterile compounding, including epidurals or intrathecal injectables	\$10,000

Business risks including a combination of professional liability classifications will be subject to the highest minimum premium charge that applies.

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9.3 Certified Acts of Terrorism – Rating Factors

Multiply the rating factor shown below by the total Umbrella premium to determine the additional premium charge for Certified Acts of Terrorism coverage.

State	Rating Factor	State	Rating Factor
Alabama	.0150	Montana	.0100
Alaska	.0100	Nebraska	.0075
Arizona	.0200	Nevada	.0100
Arkansas	.0200	New Hampshire	.0150
California	.0300	New Jersey	.0225
Colorado	.0200	New Mexico	.0150
Connecticut	.0300	New York	.0250
Delaware	.0250	North Carolina	.0200
District of Columbia	.0300	North Dakota	.0010
Florida	.0100	Ohio	.0225
Georgia	.0150	Oklahoma	.0150
Hawaii	.0150	Oregon	.0125
Idaho	.0075	Pennsylvania	.0300
Illinois	.0300		
Indiana	.0200	Rhode Island	.0225
Iowa	.0125	South Carolina	.0150
Kansas	.0100	South Dakota	.0100
Kentucky	.0125	Tennessee	.0200
Louisiana	.0150	Texas	.0300
Maine	.0100	Utah	.0075
Maryland	.0250	Vermont	.0100
Massachusetts	.0225	Virginia	.0200
Michigan	.0250	Washington	.0125
Minnesota	.0200	West Virginia	.0125
Mississippi	.0150	Wisconsin	.0150
Missouri	.0150	Wyoming	.0100

State: District of Columbia **Filing Company:** Pharmacists Mutual Insurance Company
TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0020 Commercial Umbrella and Excess
Product Name: COMMERCIAL UMBRELLA
Project Name/Number: 2018 UCL FORM REVISIONS/DC-UCL-04-01-18-RU

Supporting Document Schedules

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification (P&C)
Bypass Reason:	N/A - Not a rate filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A - Not a rate filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A - Not a rate filing.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Memorandum and Side by Side Comparison
Comments:	
Attachment(s):	CW UCL RATES-RULES 07-14 vs. 04 18.pdf DC UCL RULE Filing Memorandum.pdf
Item Status:	
Status Date:	

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RULE 1 – ELIGIBILITY

1.1 Eligibility Requirements

- 1.1.1.** Risks eligible for underlying insurance with Pharmacists Mutual Insurance Company will be considered eligible for the Commercial Umbrella Liability program.

Use Form CU 0001 to provide Commercial Excess/Umbrella Liability Coverage.

- 1.1.2.** It is mandatory that the underlying General Liability coverage for the main business of the risk be provided by Pharmacists Mutual Insurance Company.

Other underlying coverage(s) may also be required to be provided by Pharmacists Mutual Insurance Company as well.

- 1.1.3.** The Commercial Excess/Umbrella Liability policy may only be written excess of an acceptable carrier if not provided by Pharmacists Mutual Insurance Company.

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RULE 2 – PROGRAM DESCRIPTION

2.1 Policy Form

The CU 0001 Commercial Excess/Umbrella Liability Coverage provides excess following form liability coverage for those policies listed in the schedule of underlying insurance on the declarations page of the policy. Coverage is provided on either an occurrence or a claims-made basis following the underlying coverage form.

Umbrella liability coverage is provided on a drop down occurrence basis over a self-insured retention for liability not covered by scheduled underlying insurance. Umbrella liability coverage is also provided on a drop down occurrence basis for liability covered by other insurance. Other insurance is insurance that is available for an insured that is neither scheduled underlying insurance nor insurance that has been purchased to apply specifically as excess of the coverage provided by the CU 0001.

2.2 Principal Coverages

The following is a general description of the principal coverages provided by the Commercial Excess/Umbrella Liability Coverage Form. The policy form should be consulted for specific coverage elements, exclusions, and conditions.

2.2.1 Coverage E – Excess Liability

When underlying coverage is provided on an occurrence basis, Coverage E provides following form coverage for claims of bodily injury, property damage, personal injury, and advertising injury in excess of underlying insurance arising out of the premises and operations exposures of the insured's business. Coverage is also provided for claims of bodily injury and property damage in excess of underlying insurance arising out of products and completed work exposures of the insured's business. This coverage is provided on an occurrence basis when the underlying coverage is provided on an occurrence basis.

Coverage E also provides following form coverage for claims of bodily injury and property damage in excess of underlying insurance caused by watercraft, motor vehicles, mobile equipment, or recreational vehicles. Excess coverage does not include automobile no fault, uninsured motorist, underinsured motorist, first party physical damage, personal injury protection, automobile medical payments, or similar coverage.

Coverage E will also provide the following form coverage for claims caused by a negligent act, error, omission, injury, event, incident, or offense covered by underlying insurance that is written on an occurrence or a claims-made basis. If underlying insurance provides an extended reporting period, then Coverage E will provide an Extended Reporting Period subject to the same terms of the extended reporting period provided by underlying insurance.

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If the applicable limits of underlying insurance are reduced by payment of defense costs, the limits of Coverage E will be reduced by payment of related defense costs.

The terms, definitions, conditions, and exclusions of the policies of underlying insurance govern the coverage provided by Coverage E except for provisions pertaining to premium, right of recovery, cancellation or nonrenewal, insurance under more than one policy, defense, limits, any agreement to renew, and other terms under Coverage E.

2.2.2 Coverage U – Umbrella Liability

Coverage U provides umbrella liability coverage for claims of bodily injury, property damage, personal and advertising injury in excess of either the retained limit or the amount payable under other insurance, whichever is greater, arising out of the premises and operations exposures of the insured's business. Coverage is also provided for claims of bodily injury and property damage in excess of either the retained limit or the amount payable under other insurance, whichever is greater, arising out of the products and completed work exposures of the insured's business. This coverage is provided on an occurrence basis.

Coverage U does not provide coverage for claims arising out of automobiles, aircraft, watercraft, mobile equipment, or recreational vehicles.

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2.3 Policy Limits

2.3.1 Each Occurrence Limit

The basic each occurrence limit for the Commercial Excess/Umbrella Liability Coverage, form CU 0001, is \$1,000,000 for each occurrence.

Show the Each Occurrence Limit on the declarations.

2.3.2 Aggregate Limits

The Commercial Excess/Umbrella Liability Coverage provided by the CU 0001 is subject to the General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit described below.

General Aggregate Limit – The General Aggregate Limit is the most that will be paid during a 12 month policy period for all covered damages, except damages included in the products/completed work hazard and damages which are not subject to an aggregate limit in underlying insurance.

The General Aggregate Limit is equal to the Each Occurrence Limit.

Product/Completed Work Hazard Aggregate Limit -- The Products/Completed Work Hazard Aggregate Limit is the most that will be paid during a 12 month policy period for damages included in the products/completed work hazard.

The Products/Completed Work Hazard Aggregate Limit is equal to the Each Occurrence Limit.

Show the General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit on the declarations.

2.3.3 Higher Limits

Higher liability limits may be available, subject to reinsurance acceptance.

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2.4 Underlying Insurance – Minimum Limits

The coverages provided under Coverage E of form CU 0001 apply in excess of the limits that apply to underlying insurance. The Commercial Excess Liability policy and the underlying policies must be written on a concurrent basis if there is an Aggregate Liability Limit provided by the underlying policy. If the Insured fails to maintain the underlying coverage in force for the term of the Umbrella Excess Liability policy, the Umbrella Excess Liability policy will cover as though the underlying policy was available and collectible.

The minimum limits for underlying insurance are specified below.

<u>Underlying Insurance</u>	<u>Minimum Limits</u>
Automobile Liability	500,000 Bodily Injury per person 500,000 Bodily Injury per occurrence 100,000 Property Damage per occurrence or 500,000 Combined Single Limit
Watercraft Liability	1,000,000 Combined Single Limit
General Liability	500,000 per occurrence 1,000,000 general aggregate 500,000 personal injury & advertising injury 500,000 products aggregate
Pharmacy Professional Liability	500,000 per occurrence
Employers' Liability	500,000 each accident 500,000 each employee/disease 500,000 policy limit/disease
Liquor Liability	500,000 per occurrence 1,000,000 aggregate
Individual Pharmacists/ Technician Professional Liability	1,000,000 per occurrence 3,000,000 aggregate
Employee Benefits Liability	500,000 per occurrence 500,000 aggregate

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2.5 Self-insured Retention

When Coverage U – Umbrella Liability Coverage applies to an occurrence or offense that is not covered by underlying insurance or other insurance, form CU 0001 will apply in excess of a \$10,000 Retained Limit.

Show the Self-insured Retention Limit on the Declarations.

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RULE 3 – POLICYWRITING INSTRUCTIONS

3.1 Policy Format

The Commercial Excess/Umbrella Liability consists of form CU 0001, Commercial Excess/Umbrella Liability Coverage.

Refer to the forms and endorsements listing to determine if any mandatory endorsements apply.

3.2 Policy Term

Commercial Excess/Umbrella Liability policies may be written for a term of one year. A policy may be written for a term of less than one year in order to maintain common anniversary dates with other policies. Prorate the annual premium.

3.3 Endorsements

Information called for as entries on endorsements can be shown on the declarations page or a supplemental schedule instead.

3.4 Cancellations or Reductions in Limits or Coverages

If the policy is cancelled or the limits are reduced, the amount of any return premium due is calculated on a pro rata basis.

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RULE 4 – ADDITIONAL EXCLUSIONS

4.1 Exclusion – Fungus or Related Perils

Coverage can be excluded under Coverages E and U for bodily injury, property damage, or personal and advertising injury arising out of fungus or related perils, as defined in the endorsement; clean-up costs or costs for testing; and costs due to claims by governmental authorities.

However, exceptions apply to bodily injury that results from a fungus cultivated or harvested for human consumption or a food or beverage-borne bacterium that causes illness commonly known as food poisoning, and to bodily injury suffered by an insured's employee while performing duties in connection with the insured's farming operations, but only to the extent that bodily injury to an insured's employee is covered by the policy.

Attach endorsement CU 0702.

4.2 Exclusion – Auto Liability

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of any auto.

Attach endorsement CU 0706.

4.3 Exclusion – Designated Auto

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of designated autos.

Attach endorsement CU 0707 and identify the excluded vehicle.

4.4 Exclusion – Non-Owned Auto Liability Coverage – Hired Auto Liability Coverage

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of the use of a non-owned auto, as defined in the endorsement, in the insured's business or arising out of the maintenance or use of a hired auto, as defined in the endorsement, by the named insured or the named insured's employees in the course of the insured's business.

Attach endorsement CU 0708.

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4.5 Exclusion – Contractual Liability

Coverage can be excluded under Coverage E or Coverage U for bodily injury or property damage liability which is assumed by the insured under a contract or an agreement.

Attach endorsement CU 0709 (Coverage U).

Attach endorsement CU 0710 (Coverage E).

4.6 Exclusion – Products/Completed Work Hazard

Coverage can be excluded under Coverage E and Coverage U for bodily injury or property damage included within the products/completed work hazard.

Attach endorsement CU 0711.

4.7 Exclusion – Designated Products

Coverage can be excluded under Coverages E and Coverage U for bodily injury or property damage included in the products/completed work hazard and arising out of designated products.

Attach endorsement CU 0713 and identify the excluded products.

4.8 Exclusion – Designated Work

Coverage can be excluded under Coverages E and Coverage U for bodily injury or property damage included in the products/completed work hazard and arising out of the named insured's designated work.

Attach endorsement CU 0714 and identify the excluded work.

4.9 Exclusion – Designated Premises

Coverage can be excluded under Coverage E and Coverage U for injury or damage arising out of the ownership, maintenance, or use of a designated premises or incidental to such ownership, maintenance, or use of designated premises.

Attach endorsement CU 0715 and identify the excluded premises.

4.10 Exclusion – Designated Project

Coverage can be excluded under Coverage E and Coverage U for injury or damage arising out of the named insured's designated projects away from premises owned by or rented to the named insured.

Attach endorsement CU 0716 and identify the excluded projects.

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4.11 Exclusion Personal and Advertising Injury Liability

Coverage can be excluded under Coverage E and Coverage U for liability arising out of personal and advertising injury.

Attach endorsement CU 0717.

4.12 Exclusion – Real Property – Care, Custody, and Control

Coverage can be excluded under Coverage E and Coverage U for property damage to real property owned by, occupied by, or rented to the named insured; to real property used by the insured; or to real property in the care, custody, or control of the insured.

The exclusion applies to any cost or expense incurred by the named insured or another person or organization to repair, retrofit, replace, or maintain such property for any reason.

Attach endorsement CU 0718.

4.13 Exclusion – Professional Liability

Coverage can be excluded under Coverage E for injury or damage arising out of the rendering of or failure to render a professional service.

Attach endorsement CU 0719.

4.14 Exclusion – Employee Benefits Liability

Coverage can be excluded under Coverage E for injury or damage to an employee caused by the negligent act, error, or omission of the insured, or of any person for whose acts the insured is legally liable, in the administration of an employee benefit program, as defined in the endorsement.

Attach endorsement CU 0720.

4.15 Exclusion – Liquor Liability

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures.

The exclusion is subject to an exception for bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0721. Do not attach endorsement CU 0739 or endorsement CU 0740 when the policy includes CU 0721.

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4.16 Exclusion – Watercraft Liability

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of watercraft.

Attach endorsement CU 0722.

4.17 Exclusion – Designated Watercraft

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, operation, maintenance, use, occupancy, renting, loaning, entrusting, supervision, or loading or unloading of designated watercraft.

Attach endorsement CU 0723 and identify the excluded watercraft.

4.18 Exclusion – Cross Liability

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury committed by an insured against another insured.

Attach endorsement CU 0724.

4.19 Punitive Damages Exclusion

Coverage can be excluded under Coverage E and Coverage U for punitive or exemplary damages, as well as any costs, attorney fees, interest, or damages attributable to an award of punitive or exemplary damages.

However, defense coverage is provided for a suit brought against an insured seeking both compensatory damages and punitive or exemplary damages for covered occurrences or offenses.

Attach endorsement CU 0725.

4.20 Exclusion – Employers Liability

Coverage can be excluded under Coverage E for bodily injury to an employee of the insured that occurs in the course of employment by the insured or while performing duties related to the conduct of the insured's business. Consequential bodily injury to various relatives of the insured is also excluded.

The exclusion is subject to an exception for liability assumed by the insured under a covered contract.

Attach endorsement CU 0726.

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4.21 Exclusion – Directors and Officers – Professional Liability

Professional liability coverage can be excluded under Coverage E for injury or damage arising out of or resulting from an act, error, omission, or breach of duty committed by the named insured's directors or executive officers while acting within the scope of their duties as such.

The exclusion is subject to an exception for injury or damage covered by underlying insurance, other than professional liability coverage, or that would have been covered but for the exhaustion of the limits of such underlying insurance.

Attach endorsement CU 0727.

4.22 Exclusion – Umbrella Liability

Coverage U can be deleted in its entirety.

Attach endorsement CU 0730.

4.23 Exclusion -- Designated Ongoing Operation

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury arising out of a designated ongoing operation, whether such operation is conducted by the named insured or on the named insured's behalf. If a location is specified, the exclusion applies only to the designated ongoing operation at that location.

Attach endorsement CU 0731 and identify the excluded ongoing operation. Specify the location, if applicable.

4.24 Exclusion – Abuse or Molestation

Coverage can be excluded under Coverage E and Coverage U for bodily injury, property damage, or personal and advertising injury arising out of the abuse or molestation of anyone while in the care, custody, or control of any insured.

Attach endorsement CU 0732.

4.25 Exclusion – Athletic or Sports Participants

Coverage can be excluded under Coverage E and Coverage U for bodily injury to any person participating in or practicing for any athletic or sports activity that the named insured sponsors.

Attach endorsement CU 0733.

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4.26 Exclusion – Intercompany Products Suits

Coverage can be excluded under Coverage E and Coverage U for any claim for damages by an insured against another insured because of bodily injury or property damage arising out of products and included within the products/completed work hazard.

Attach endorsement CU 0734.

4.27 Exclusion – Total Pollution

Coverage can be excluded under Coverage E for bodily injury or property damage arising out of pollutants at any time; clean-up costs or costs for testing; and costs due to claims by governmental authorities.

Attach endorsement CU 0736.

4.28 Expanded Liquor Liability Exclusion

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures. This exclusion applies more broadly than the normal liquor liability exclusion found in underlying insurance by removing the "in the business of" language.

The exclusion is subject to an exception for bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0739. Do not attach endorsement CU 0721 or endorsement CU 0740 when the policy includes endorsement CU 0739.

4.29 Expanded Liquor Liability Exclusion – Exception for Scheduled Events

Coverage can be excluded under Coverage E for bodily injury or property damage for which any insured may be held liable by reason of various liquor liability exposures. This exclusion applies more broadly than the normal liquor liability exclusion found in underlying insurance by removing the "in the business of" language.

The exclusion is subject to an exception which applies to bodily injury or property damage arising out of the furnishing, serving, or selling of alcoholic beverages at designated events shown in the Schedule, as well as a follow form exception for such bodily injury or property damage that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance.

Attach endorsement CU 0740 and identify the events to be covered. Do not attach endorsement CU 0721 or endorsement CU 0739 when the policy includes endorsement CU 0740.

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RULE 5 – COVERAGE OPTIONS

5.1 Extended Reporting Period

If an extended reporting period is purchased according to the extended reporting period's provision under Coverage E, a separate extended reporting period aggregate limit, equal to the same dollar amount as the General Aggregate Limit shown in the declarations, is provided for claims first received and recorded during the Extended Reporting Period.

Attach endorsement CU 0401 and show the premium charge, coverage, and number of years (if different than three) in the Schedule.

5.2 Contractual Liability Limitation

The definition of covered contract can be amended to limit the contractual liability coverage that is available under Coverage U to contractually assumed liability under a lease of premises, an easement or a license agreement, a responsibility to indemnify a municipality if required by an ordinance, a sidetrack agreement, or an elevator maintenance agreement.

Attach endorsement CU 1002.

5.3 Professional Liability Limitation

Professional liability coverage can be limited under Coverage E to designated professional services shown in the Schedule.

Attach endorsement CU 1005 and identify the covered professional service

5.4 Coverage Territory Limitation

The definition of coverage territory under Coverage U can be amended to limit coverage to the United States of America, its territories and possessions, Canada, and Puerto Rico. Limited worldwide coverage is provided for business travel, products, and personal and advertising injury subject to certain conditions.

Attach endorsement CU 1006.

5.5 Products/Completed Work Hazard Expanded Definition

With respect to bodily injury or property damage arising out of products in connection with the use of any described premises or in connection with the conduct of any described operation, the definition of products hazard under Coverage E can be expanded to include any such bodily injury or property damage occurring at premises the named insured owns or rents.

Attach endorsement CU 1011 and identify the premises or operation.

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5.6 Waiver of Subrogation

The company can waive its right of recovery against a person or organization named in the Schedule due to payments the company has made for injury or damage arising out of the named insured's ongoing operations or arising out of the named insured's work done under a contract with such described person or organization and included in the products/completed work hazard.

Attach endorsement CU 1012 and identify the person or organization.

5.7 Liability Coverage -- Designated Premises

Coverage can be excluded under Coverage E for injury or damage arising out of the ownership, maintenance, or use of any premises other than described premises or arising out of operations that are necessary or incidental to the ownership, maintenance, and use of any premises other than such described premises.

Attach endorsement CU 1013 and identify the covered premises.

5.8 Liability Coverage -- Designated Project

Coverage can be excluded under Coverage E for injury or damage arising out of any of the named insured's projects, other than designated projects, away from premises owned by or rented to the named insured.

Attach endorsement CU 1014 and identify the covered projects.

5.9 Known Injury or Damage Amendment

The Coverage E insuring agreement can be amended to state that coverage applies only to bodily injury or property damage that is not a continuation of, resumption of, or change in bodily injury or property damage that was known by a designated insured prior to the policy period.

Attach endorsement CU 1028.

5.10 ~~Amendment Aggregate Limits of Insurance – Per Insured Entity~~

~~The General Aggregate can be amended under Coverage E and Coverage U to apply separately to each entity insured. Use the rating information in Rule 9.3 to determine the additional premium.~~

~~Attach endorsement PM 1112.~~

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5.11 Deletion of Silica Exclusion

The silica exclusion under Coverage E and U can be amended to delete the silica exclusion for any loss, cost, or expense that is covered by underlying insurance or that would have been covered but for the exhaustion of the limits of the underlying insurance. The coverage provided by this policy will be subject to the provisions, exclusions, and limitations of the underlying insurance.

Attach endorsement PM 5103.

5.12 Aggregate Limit of Insurance

The General Aggregate Limit and Products/Completed Work Hazard Aggregate Limit can be combined under a single Aggregate Limit. The Aggregate Limit is the most that will be paid during a 12 month policy period for all covered damages, except damages which are not subject to an aggregate limit in underlying insurance. The Aggregate Limit is equal to the Each Occurrence Limit.

Attach endorsement PM 5107 and show the Aggregate Limit on the declarations.

5.13 Duty to Defend Ends with Tendered Limit

This mandatory endorsement adds a fourth scenario under which our duty to defend is limited: by payment of the policy limit.

Attach endorsement PM 5109.

5.14 Products/Completed Work Hazard

The Products/Completed Work Hazard under Coverage E and Coverage U can be amended to exclude "bodily injury" or "property damage" within the "products/completed work hazard".

Attach endorsement PM 5141.

5.15 Errors and Omissions

The Errors and Omissions Endorsement can be added under Coverage U to exclude "bodily injury", "property damage", or "personal and advertising injury" that are covered by an Errors and Omissions policy.

Attach endorsement PM 5142.

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PHARMACISTS MUTUAL INSURANCE COMPANY

RULE 6 -- TERRORISM

6.1 Certified Acts of Terrorism

In accordance with TRIPRA, companies providing insurance under the AAIS Commercial Umbrella Liability Program must make available coverage for certified terrorism loss while TRIP remains in effect. The mandatory offer of coverage is required at the time of offer, purchase, and renewal of the policy.

Policyholder Disclosure CL 1045 includes the terms needed to fulfill the mandatory offer requirement. The CL 1045 requires the insured's or applicant's signature to acknowledge being informed of the offer of coverage for loss resulting from certified acts of terrorism and to acknowledge being informed of the portion of the annual premium that is attributable to coverage for certified acts of terrorism. The CL 1045 also discloses the \$100 billion cap on annual aggregate losses.

When coverage is provided for certified terrorism loss, the premium charged for the portion of coverage the company retains and the federal share of compensation for insured losses must be disclosed as a separate line item of the policy.

Endorsements CL 0605 and CL 1605 can be used for this purpose or disclosure can be made on the declaration page of the policy. Endorsement CL 0605 can be used when TRIP is not scheduled to terminate while the policy is in force. Endorsement CL 1605 can be used when TRIP is scheduled to terminate while the policy is in force. If either of these endorsements is used to satisfy the separate line item disclosure requirement, make an entry on the endorsement schedule to indicate the premium charged for loss caused by certified acts of terrorism.

The following rules address the use of the endorsements that address certified acts of terrorism.

6.1.1 Coverage for Certified Terrorism Loss Capped

When the insured accepts the offer of coverage for loss resulting from certified acts of terrorism, coverage for such loss can be capped at \$100 billion annually, which is the maximum annual aggregate limit of liability set forth by TRIPRA.

Attach endorsement CU 1301.

6.2 Terrorism Exclusion for Auto Bodily Injury or Property Damage

Coverage can be excluded under Coverage E for bodily injury or property damage caused by terrorism, as defined in the endorsement, arising out of the ownership, maintenance, use, occupancy, renting, operation, loaning, entrusting, supervision, or loading or unloading of an auto which is covered by underlying insurance.

Attach endorsement CU 1303.

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RULE 7 – PREMIUM DETERMINATION

Follow these steps to compute the Commercial Excess/Umbrella Liability premium:

STEP 1 – Determine manual liability premiums for each coverage of underlying insurance: premises, premises/operations, products/completed work, auto, professional liability, liquor liability, etc. When underlying liability coverage is provided by a Businessowners package, use the entire Businessowners manual package premium.

Manual premiums are premiums that do not reflect the application of credits, debits, or modifiers.

If underlying premiums or modifiers are not available, a manual premium should be calculated using standard company rules and rating procedures.

STEP 2 – For Businessowners, determine the classification of the risk (Office, Apartment, Service, Retail).

For other than Businessowners, determine the catastrophe potential of each underlying coverage to one of the following catastrophe classifications. An account might be high for auto, low for premises and operations and medium for products/completed work.

HIGH: This represents the greatest exposure to a catastrophic loss. This classification is also used for that part of an umbrella risk where underlying insurance might become exhausted through a series of small losses.

MEDIUM: This classification represents a moderate catastrophe potential. Underlying limits are not likely to be exhausted by a series of small losses.

LOW: This classification represents a very limited chance of a catastrophic loss. There is a very remote chance that limits of underlying insurance will be exhausted by a series of smaller losses.

STEP 3 – Multiply the manual premium determined for each underlying coverage by the appropriate premium factor found in Rule 9.1. Use Minimum Underlying Limits Factor when underlying limits are met. Use Increased Underlying Limits Factor when underlying limits exceed the minimum limit required. Underlying Limits requirements are referenced in Rule 2.4.

STEP 4 – Add the premiums derived from Step 3 to obtain the umbrella/excess liability premium.

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STEP 5 – Multiply the applicable individual risk premium modification as determined in Rule 8 by the result of Step 4 to determine the modified premium. This modified premium is subject to the minimum premium referenced in Rule 9.2.

STEP 6 – If the policy includes ~~either Aggregate Limits (per Insured Entity) or~~ Certified Terrorism Loss coverage, add the premium calculated for ~~these other~~ [this](#) Coverage Options to the result of Step 5.

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RULE 8 – INDIVIDUAL RISK PREMIUM MODIFICATION

Refer to state regulations for specific individual risk premium modification requirements.

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the rates.

The total amount of credit or debit developed using the following table cannot exceed 25%.

The credit or debit developed by the use of this rule is applied after all other rating procedures.

Risk Variations	Range of Modifications		
	Credit		Debit
Loss experience and subsequent preventative measures	-5%	to	+5%
Management: Cooperation of owners or operators with recommendations for safety and control of hazards	-5%	to	+5%
Condition of premises	-10%	to	+10%
Nature and Use of Products	-10%	to	+10%
Location: accessibility, congestion, and exposures	-5%	to	+5%
Underlying Insurance Program (limits of liability, multiple aggregates, aggregate limits, etc.)	-10%	to	+10%

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RULE 9 – RATES AND MINIMUM PREMIUMS

9.1 Premium Factors		Minimum Underlying Limits <u>Factor</u>	Increased Underlying Limits <u>Factor</u>
Commercial Auto Liability:	High	0.26	0.18
	Medium	0.18	0.13
	Low	0.16	0.11
Commercial Liability: Premises and Operations:	High	0.22	0.18
	Medium	0.18	0.15
	Low	0.17	0.14
Products/Completed Work:	High	0.23	0.19
	Medium	0.20	0.16
	Low	0.19	0.15
Businessowners Liability:	Office	0.07	0.06
	Apartment	0.06	0.05
	Service	0.08	0.07
	Retail	0.10	0.08
Miscellaneous Liability: (Includes professional, liquor, employee benefits, & watercraft)	High	0.25	0.20
	Medium	0.15	0.12
	Low	0.12	0.10

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9.2 Minimum Premium

The following are the minimum premium charges for \$1,000,000 of coverage based on the business risk:

<u>Business Risk</u>	<u>Minimum Premium</u>
No Professional Liability, No Automobile Liability	\$350
No Professional Liability, With Automobile Liability	\$500
Professional Liability (other than pharmacy or home healthcare Professional Liability)	\$500
Home Healthcare Professional Liability	\$550
Pharmacy Professional Liability	
No compounding or simple non-sterile compounding	\$500
Complex Non-Sterile compounding	\$750
Sterile compounding, no epidurals, no intrathecal injectables	\$2,500
Sterile compounding, including epidurals or intrathecal injectables	\$10,000

Business risks including a combination of professional liability classifications will be subject to the highest minimum premium charge that applies.

~~**9.3 Aggregate Limits (per Insured Entity)**~~

~~Multiply the number of additional entities insured by the premium charge shown below to determine the additional premium charge for Aggregate Limits per insured entity coverage.~~

~~This premium charge is not subject to the individual risk premium modification as determined in Rule 8.~~

~~**Premium Charge—Each additional entity** _____ **\$ 100.00**~~

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9.4.9.3 Certified Acts of Terrorism – Rating Factors

Multiply the rating factor shown below by the total Umbrella premium to determine the additional premium charge for Certified Acts of Terrorism coverage.

State	Rating Factor	State	Rating Factor
Alabama	.0150	Montana	.0100
Alaska	.0100	Nebraska	.0075
Arizona	.0200	Nevada	.0100
Arkansas	.0200	New Hampshire	.0150
California	.0300	New Jersey	.0225
Colorado	.0200	New Mexico	.0150
Connecticut	.0300	New York	.0250
Delaware	.0250	North Carolina	.0200
District of Columbia	.0300	North Dakota	.0010
Florida	.0100	Ohio	.0225
Georgia	.0150	Oklahoma	.0150
Hawaii	.0150	Oregon	.0125
Idaho	.0075	Pennsylvania	.0300
Illinois	.0300		
Indiana	.0200	Rhode Island	.0225
Iowa	.0125	South Carolina	.0150
Kansas	.0100	South Dakota	.0100
Kentucky	.0125	Tennessee	.0200
Louisiana	.0150	Texas	.0300
Maine	.0100	Utah	.0075
Maryland	.0250	Vermont	.0100
Massachusetts	.0225	Virginia	.0200
Michigan	.0250	Washington	.0125
Minnesota	.0200	West Virginia	.0125
Mississippi	.0150	Wisconsin	.0150
Missouri	.0150	Wyoming	.0100

PHARMACISTS MUTUAL INSURANCE COMPANY

Commercial Umbrella Program Countrywide / DISTRICT OF COLUMBIA Filing Memorandum

Pharmacists Mutual Insurance Company (PhMIC) is a member of AAIS for our Commercial Umbrella Program in your state. With this submission, we are filing a revision to our Countrywide Manual to coincide with the new forms we are implementing.

MANUAL RULE – UCL RATES-RULES 04 18 – *Replaces 07 14 Edition*

We have added rules for the new forms we are implementing. We have also deleted rules that are no longer applicable which do not affect any current policyholders.

We would like these changes to become effective **April 1, 2018**.