

**DIVISION VII
COMMERCIAL PROGRAM**

A. COMMERCIAL ELIGIBILITY -- Eligible risks which do not qualify under the Dwelling Program or the Manufactured Home Program are classified as Commercial Risks. This section includes Habitational Risks which do not qualify for the Dwelling Program or the Manufactured Home Program.

B. COINSURANCE -- The rates provided in this section are 80% coinsurance rates per \$100.

1. These rates may be adjusted as follows:
 - a. 90% coinsurance rates – 80% rate times .95
 - b. 100% coinsurance rates – 80% rate times .90
2. When the coverage provided by the Association for a given location equals the maximum available limits, the coinsurance requirement is waived. When the coinsurance requirement is waived, the rates cannot be credited to reflect 90% or 100% coinsurance rates.

C. CONSTRUCTION CLASSIFICATION -- The Association classifies wind construction as wind resistive (W), semi-wind resistive (S), masonry (M), skeleton (K) or frame (F).

<u>Common Fire Classification</u>	<u>Corresponding Wind Classification</u>
Frame (code 1)	Frame
Joisted masonry (code 2)	Masonry
Non-combustible (code 3)	Masonry
Masonry non-combustible (code 4)	Semi-wind resistive
Modified fire resistive (code 5)	Wind resistive
Fire resistive (code 6)	Wind resistive
Superior masonry / heavy timber (code 7)	Semi-wind resistive
Superior non-combustible (code 8)	Semi-wind resistive
Superior masonry non-combustible (code 9)	Wind resistive

Definitions of each construction type are provided in Section K. of this Division. Specific risks may be submitted to the Association for classification assistance. Supporting data should be submitted. Supporting data includes building plans and/or statements from the builder or architect that indicate the construction of exterior walls, floors, and roof.

Properties submitted as wind resistive and/or semi-wind resistive construction must include documentation verifying the construction. It is essential that details concerning the construction of the exterior walls, floors, and roof be submitted.

The Association has filed three exceptions to the ISO classification system. These exceptions override the "Construction Classification Chart." They are:

1. Skeleton Construction -- On Page CF-R-3 of the ISO Commercial Lines Manual, reference is made to skeleton construction. The term "skeleton construction" refers to a building that is a skeleton of reinforced concrete and/or steel. The exterior walls consist of metal studs covered with wall board or similar covering reinforced by plaster covering with metal lathe and stucco.

The Association has established its own rating classification for skeleton construction.

2. Mixed Construction -- The ISO rule on mixed construction is amended to read as follows, "A building with adjoining and communicating additions composed of different types of construction shall be subject to the highest rated type of construction when the inferior type of construction is 35% or more of the total floor area."
3. Story -- A "story" means that part of a building between a floor and the floor or roof above and having an area equal to 50% or more of the grade floor area of the building.

D. CONDOMINIUMS -- The following underwriting and rating procedures are in place for residential condominiums.

1. One or two unit condominiums – If there are one or two units in a building, the structure is eligible to be rated under the personal lines rating scheme ignoring the use of construction as a rating factor. The building will be rated using the applicable Key Premium and Key Factor from Division V, Sections K & L. The maximum coverage available under this program is \$1,300,000 per building for all coverages combined. If the coverages exceed \$1,300,000, the Loss Scale calculation will be used.
2. More than two unit condominiums and all other condominium types – If there are three or more units in a building, classify the construction type of the structure in accordance with the construction classification definitions and the classification exceptions filed by the Association. Coverage limits are subject to the Commercial program requirements (\$2,500,000).
3. Replacement cost coverage - A replacement cost coverage endorsement is available for commercial condominiums.
 - a. The buildings must be eligible for, and carry a National Flood Insurance Program (NFIP) Residential Condominium Building Association Policy (RCBAP).
 - b. A copy of the RCBAP declarations page must be submitted to the Association when requesting replacement cost coverage.
 - c. Structures built prior to 1950 are not eligible for replacement cost coverage.

- d. Replacement cost coverage is not available on contents.
- e. The building must be insured to 80% of value or for the maximum limit available from the Association. If the Loss Scale is applicable to this risk, then the calculations must be based on replacement costs, not actual cash value. The building will be rated based on the value reported on the RCBAP flood policy
- f. There is a 15% surcharge of the building premium for this coverage.

E. RATING PROCEDURE -- The following steps are to be used in rating risks in the commercial program:

- 1. Classify the construction type of the structure in accordance with the construction classification definitions and the classification exceptions filed by the Association.
- 2. Outdoor property is rated based on the Outdoor Property Table. Locate the type of property in the table and find the rate per \$1000 on the Rate Page. See Section J. of this Division.

F. LOSS OF BUSINESS INCOME -- The following underwriting and rating procedures are in place for Loss of Business Income Coverage:

- 1. Loss of Business Income is provided only at the request of the applicant/insured. It is not available on builders risk policies.
- 2. Loss of Business Income coverage will be provided only if this Association provides the direct coverage.
 - a. If the applicant/insured is the building owner, then the Association must insure the Building.
 - b. If the applicant/insured is the tenant, then the Association must insure the Business Personal Property.
- 3. The maximum limit per location for the Commercial program includes the sum of the limits for the Building, Business Personal Property, and Loss of Business Income.
 - a. If the applicant/insured is the building owner, the limit for Loss of Business Income shall not exceed the lesser of:
 - (1) 150% of the Building limit, or
 - (2) \$500,000

- b. If the applicant/insured is not the building owner, the limit for Loss of Business Income shall be:
 - (1) An amount up to \$100,000, or;
 - (2) An amount not to exceed the lesser of 200% of the Business Personal Property limit or \$500,000.

If additions and alterations coverage is included on the policy, the Loss of Business Income Coverage is based on the Business Personal Property limits without regard to the existence of the additions and alternations coverage included under the building coverage.
 - c. When the coverage provided by this Association for one location equals the maximum available limits, the coinsurance requirement is waived.
4. Coverage is provided by form WHC 20.
- a. This is a modified version of the ISO Loss of Business Income Excluding Extra Expense Form.
 - b. The monthly limitation approach is used. This is the only form that is available. Options include:
 - (1) 1/3 Monthly Limit -- 1.3 Rating Factor
 - (2) 1/4 Monthly Limit -- 1.2 Rating Factor
 - (3) 1/6 Monthly Limit -- 1.0 Rating Factor
5. Coverage is rated as follows:
- a. If the building is insured under the policy, the net building rate is used to determine the base premium.
 - b. If the building is not owned by the insured, then the net Business Personal Property rate must be determined.
 - c. In a. or b. above, the rate shall be determined in the normal manner ignoring the existence of Loss of Business Income. The rating factor for the 1/3, 1/4, or 1/6 monthly limitation will then be applied. The result is the rate to be used per \$100 of Loss of Business Income Coverage.

6. The deductible that applies in the calculation of the rate determines the deductible that is used with the Loss of Business Income Coverage.
 - a. A 15 day deductible applies when the 2% rate is used.
 - b. A 20 day deductible applies when the 3% rate is used.
 - c. A 25 day deductible applies when the 4% rate is used.
 - d. A 30 day deductible applies when the 5% rate is used.
 - e. A 55 day deductible applies when the 10% rate is used.

- G. **BUILDER'S RISK** -- The following underwriting and rating procedures are in place for buildings under construction:
 1. Structures which are under construction are rated using the applicable construction classification as described in Sections C. and K. of this Division.
 2. The risk should be insured to 100% of the completed value at policy inception. While there is no surcharge for the coverage, the form provides for a "provisional" amount of insurance at time of loss and the premium charged is deemed adequate for the increased hazard while the structure is under construction.
 3. Form WHC 5 is used to provide coverage for a building under construction.

H. MITIGATION PROGRAM - COMMERCIAL

MITIGATION MEASURE	DESCRIPTION	ESTIMATED CREDIT
1. Opening protection	<p>All glazed openings are protected for impact resistance and all other openings (garage doors, entry doors, other non-glazed openings) are protected for impact resistance.</p> <p>Acceptable measures include storm shutters or impact resistant glass.</p> <p>A glazed opening is glass or transparent materials used in windows, skylights or doors.</p>	1% to 1.67% credit depending on the number of mitigation measures present
2. Roof tie downs	<p>A structure with clips, single wraps, double wraps, or welds qualifies for the credit.</p> <p>Clips – Is a piece of metal nailed into the side of the rafter or truss and into the side of the wall’s top plate or stud? The metal does not wrap around the top of the rafter/truss and the clip is located on one side of the connection.</p> <p>Single Wraps – Is a metal strap attached to the side and/or bottom of the wall’s top plate and wrapped and nailed around the top of the rafter/truss?</p> <p>Double Wraps – Are metal straps attached to the side and/or bottom of the wall’s top plate and wrapped and nailed around the top of the rafter/truss from each side?</p> <p>Welds – Are connections designed for the site on which the structure is located?</p>	1% to 1.67% credit depending on the number of mitigation measures present
3. Building codes	<p>South Carolina Building Code Compliance</p> <p>Buildings built to meet or exceed the International Building Code as adopted by the SC Building Codes Council as of 2007.</p> <p>Credit will be provided for structures where the certificate of occupancy is issued in 2007.</p> <p>Remodeled structures are not eligible for the credit. Consideration for remodeled/retrofitted structures may be eligible for the SC Safe Home Credit.</p>	1% to 1.67% credit depending on the number of mitigation measures present

- a. Credit is provided as follows:
 - (1) 1% for any one of items 1. - 3.
 - (2) 3% for two of the items 1.- 3.
 - (3) 5% if all three items (1.- 3.) are adopted.
- b. The Insured’s Mitigation Verification must be submitted **along** with the Contractor’s Mitigation Certification. The Contractor’s Certification must be completed by a licensed building contractor, registered architect, engineer, SC Safe Home inspector or building code official.
- c. The forms can be found at www.scwind.com, Forms, Mitigation.

I. RATES (80% COINSURANCE RATES)

For Policies Effective On or After December 1, 2012

Rates are per \$100

Construction	Building	Contents
Wind Resistive (W)	0.449	0.285
Semi-Wind Resistive (S)	0.891	0.842
Masonry (M)	1.887	1.516
Skeleton (K)	2.360	1.892
Frame (F)	2.822	2.282

J. OUTDOOR PROPERTY

Rates are per \$1,000

		Effective 12/01/2012
1.	Structures with rooflike covering including awnings	
	A. Cloth or Fabric	316.932
	B. Other	192.433
2.	Screen/supports around a pool, patio, etc.; Pool enclosures	83.093
3.	Fences, property walls, seawalls, trellis, walkways with rails or siding	
	A. Masonry or iron	22.159
	B. Other	340.961
4.	Greenhouses, solar panels, hothouse panels in wood or metal frame made of:	
	A. Glass	227.121
	B. Fiberglass or other rigid plastic material	244.970
5.	Slathouses or pergolas	93.584
6.	Cabanas, boathouses, walkways without rail or siding	
	A. Frame	133.884
	B. Masonry or metal	21.258
7.	Outdoor equipment – Includes pumps, tanks, other property NOC	15.806
8.	Signs	
	A. All metal	220.891
	B. Any part frame	594.690
9.	Outdoor radio and television equipment; Street lights	
	A. All metal	36.456
	B. All others	622.855
10.	Swimming Pools	
	A. Inground	21.984
	B. Above ground	614.372
11.	Swimming pool cover	281.305
12.	Open sided structures	105.408

K. CONSTRUCTION CLASSIFICATION DEFINITIONS

Frame (code 1) – The applicable wind classification is FRAME (F).

Buildings where the exterior walls are wood or other combustible materials, including construction where combustible materials are combined with other materials such as brick veneer, stone veneer, wood iron-clad, and stucco on wood.

Joisted Masonry (code 2) – The applicable wind classification is MASONRY (M).

Buildings where the exterior walls are constructed of masonry materials such as adobe, brick, concrete gypsum block, hollow concrete block, stone, tile or similar materials (including products such as Hardiplank) , and where the floors and roof are combustible (other than construction defined in the description for code 7).

Non-Combustible (code 3) – The applicable wind classification is MASONRY (M).

Building where the exterior walls, floors, and the roof are constructed of, and supported by, metal, asbestos, gypsum or other non-combustible materials (other than construction defined by the description for code 8). An example of this type of construction includes “Butler” buildings.

Masonry Non-Combustible (code 4) – The applicable wind classification is SEMI-WIND RESISTIVE (S).

Buildings where the exterior walls are constructed of masonry materials as described in code 2 with the floors and roof of metal or other non-combustible materials (other than construction defined by the description for code 9).

Modified Fire Resistive (code 5) – The applicable wind classification is WIND RESISTIVE (W).

Buildings where the exterior walls and the floors and roof are constructed of masonry or fire resistive materials with a fire resistance rating of one hour or more, but less than two hours.

Fire Resistive (code 6) – The applicable wind classification is WIND RESISTIVE (W).

Buildings where the exterior walls and the floors and roof are constructed of masonry or fire resistive materials having a fire resistance of not less than two hours.

Superior Masonry / Heavy Timber (code 7) – The applicable wind classification is SEMI-WIND RESISTIVE (S).

Joisted masonry buildings where the entire roof is a minimum of 2 inches in thickness and is supported by timbers having minimum dimensions of 6 inches; or where the entire roof assembly is documented to have wind uplift classification of 90 or equivalent.

Superior Non-Combustible (code 8) – The applicable wind classification is SEMI-WIND RESISITIVE (S).

Non-combustible buildings where the entire roof is constructed of 22 gauge metal (or heavier) on steel supports; or where the entire roof is constructed of 2 inches of masonry on steel supports; or, where the entire roof assembly is documented to have wind uplift classification of 90 or equivalent.

Superior Masonry Non-Combustible (code 9) – The applicable wind classification is WIND RESISITIVE (W).

Masonry non-combustible buildings where the entire roof is constructed of 2 inches of masonry on steel supports; or where the entire roof is constructed of 22 gauge metal (or heavier) on steel supports; or, where the entire roof assembly is documented to have wind uplift classification of 90 or equivalent.

Skeleton – The applicable wind classification is SKELETON (K).

Buildings where there is a skeleton of reinforced concrete and/or steel. The exterior walls consist of metal studs covered with wallboard or similar covering reinforced by plaster covering with metal lathe and stucco. This construction type is rated using the wind classification of “skeleton.”