

January 23, 2005

**Comments and Requested Information
In regard to SB-163**

During the hearing on January 18th, I was requested to provide additional information to the committee in regard to testimony and information.

Because our association provides the RLI personal umbrella product to our member agencies to sell and service to Montana consumers, I expressed a concern of the product availability in Montana if SB-163 were to pass. Another concern we have, which was not provided in testimony, is the RLI umbrella is important market because it is a "stand alone" policy. It is called "stand alone" because most companies require the underlying coverages, like auto, homeowners, etc. be placed with their company to be eligible for their personal umbrella policy. RLI will write the coverage without this supporting business.

I was asked to find gather information in regard to the following:

1. What percentage of RLI's total personal umbrella business is written in Montana?
2. What does RLI do in Oregon & Texas where a similar law to SB-163 exists?
3. What do other companies do and are these products available from other companies?

I have also tried to gather examples of some other applications and underwriting information for how other companies underwrite their umbrellas.

The following is the result of my, and others, research to this point:

1. Montana's RLI business represents 7% of the personal umbrella business they write.
2. RLI stated they are not allowed to underwrite the public official exposure in Oregon, Texas and Florida. They anticipated that if Montana passed similar legislation that they may treat Montana the same as those states.
3. The ACORD, an industry standard or generic application form, (copy attached), does not ask the public official question.
Safeco Insurance Companies lists public figures (elected and appointed) including lobbyists or political party officers... are among a lists of occupations who are of extraordinarily high profile and high local or national name recognition may not be acceptable. (copy attached) Safeco did say they write many of these with the underlying coverage and that have not had any losses for 5 years.

Most of the companies we were able to contact stated they also have public officials in their underwriting guidelines because of the high profile exposure concern.

Regretfully, we have not been able to readily identify a market that expressed no concerns with the increased exposure of persons who serve as public officials.

Respectfully submitted by:

Roger McGlenn, Independent Insurance Agents' Association
442-9555

ACORDTM PERSONAL UMBRELLA APPLICATION

DATE(MM/DD/YYYY)

1/18/2005

AGENCY	PHONE (A/C. No. Ext): 406 234 3353	APPLICANT'S NAME AND MAILING ADDRESS (Include county & ZIP+4)		NAIC CODE	FACILITY CODE
	FAX (A/C. No): 406 234 3356			POLICY #	
		DATE AT CURR RES	CO/PLAN	HOME PHONE #	DAY EVE
CODE:	SUB CODE:	EFFECTIVE DATE	EXPIRATION DATE	BUSINESS PHONE #	DAY EVE
AGENCY CUSTOMER ID					

UMBRELLA INFORMATION

COVERAGES		PREMIUMS		CALCULATIONS
POLICY AMOUNT	RETENTION	BASIC	\$	
\$	\$	RESIDENCES	\$	
		AUTOMOBILES	\$	
OPTIONAL COVERAGES TO APPLY		RECREATIONAL VEHICLES	\$	
\$	UNINSURED MOTORIST*	UNINSURED MOTORIST	\$	
\$	UNDERINSURED MOTORIST*	UNDERINSURED MOTORIST	\$	
		WATERCRAFT	\$	
		OTHER:	\$	
		DEPOSIT	\$	
	OTHER	ESTIMATED TOTAL PREMIUM	\$	

PAYMENT PLAN

ACORD 610 attached (NOT APPLICABLE IN NC)

ACCOUNT#:	MAIL POLICY TO:	
BILLING	IF DIRECT BILL:	IF APPLICANT BILL:
<input type="checkbox"/> DIRECT BILL	<input type="checkbox"/> BILL APPLICANT <input type="checkbox"/> OTHER:	<input type="checkbox"/> FULL PAY
<input type="checkbox"/> AGENCY BILL	<input type="checkbox"/> BILL MORTGAGEE	<input type="checkbox"/> OTHER:
		<input type="checkbox"/> AGENT
		<input type="checkbox"/> APPLICANT
		<input type="checkbox"/> OTHER:

PRIMARY POLICY INFORMATION

TYPE OF POLICY	COMPANY NAME/POLICY NUMBER	POLICY PERIOD	LIMITS OF LIABILITY		
			SINGLE LIMIT	BODILY INJURY	PROPERTY DAMAGE
AUTO					
BASIC					
UNINS MOT					
PERSONAL LIABILITY				N/A	N/A
HOME				N/A	N/A
RENTALS				N/A	N/A
WATERCRAFT				N/A	N/A
RECREATIONAL VEHICLES					
BASIC					
UNINS MOT					
EMPLOYERS LIABILITY				N/A	N/A

REAL ESTATE

LIST ALL OWNED, LEASED OR OCCUPIED RESIDENCES, BUILDINGS, FARMS, VACANT LAND, ETC					
#	LOCATION	DESCRIPTION	YR BUILT	INTEREST	OCCUPANCY

AUTOMOBILES

RECREATIONAL VEHICLES

LIST ALL AUTOS OWNED, LEASED OR FURNISHED FOR REGULAR USE			LIST MOTORCYCLES, SNOWMOBILES, DUNE BUGGIES, MINIBIKES, ETC		
#	YEAR	MAKE AND MODEL	#	YEAR	TYPE, MAKE AND MODEL

WATERCRAFT

LIST ALL WATERCRAFT OWNED, LEASED, CHARTERED OR FURNISHED FOR REGULAR USE									
#	YEAR	MOTOR TYPE, MANUFACTURER AND MODEL	LENGTH	HORSE POWER	MAX SPEED	VALUE		WATERS NAVIGATED	
						<input type="checkbox"/> COST NEW	<input type="checkbox"/> CURRENT VALUE		
						\$			
						<input type="checkbox"/> COST NEW	<input type="checkbox"/> CURRENT VALUE		
						\$			

OPERATOR INFORMATION

LIST ALL MEMBERS OF HOUSEHOLD AND ALL OPERATORS OF VEHICLES/WATERCRAFT AS REQUIRED BY COMPANY										
#	NAME (AS IT APPEARS ON LICENSE)	SEX	HAIR	DATE OF BIRTH	DATE LIC	DRIVERS LICENSE #/LIC STATE	SOCIAL SECURITY #	VEHICLE % USE	CRAFT % USE	OTHER

EMPLOYMENT

APPLICANT'S OCCUPATION	APPLICANT'S EMPLOYER NAME AND ADDRESS	YRS EMPL
CO-APPLICANT'S OCCUPATION	CO-APPLICANT'S EMPLOYER NAME AND ADDRESS	YRS EMPL

PRIOR EXPERIENCE

HAS ANY AUTO ACCIDENT OR LIABILITY LOSS ON ANY PRIMARY OR EXCESS POLICY OCCURRED, REGARDLESS OF FAULT, DURING THE LAST _____ YEARS?

NO YES (PROVIDE OPERATOR #, DATE OF LOSS, AND DESCRIPTION)

PRIOR CARRIER AND POLICY NUMBER

GENERAL INFORMATION

EXPLAIN ALL "YES" RESPONSES IN REMARKS	YES	NO	EXPLAIN ALL "YES" RESPONSES IN REMARKS	YES	NO
1. ANY AIRCRAFT OWNED, LEASED, CHARTERED OR FURNISHED FOR REGULAR USE?			10. ANY NON-OWNED PROPERTY EXCEEDING \$1,000 IN VALUE, IN YOUR CARE, CUSTODY OR CONTROL?		
2. ANY OPERATORS CONVICTED FOR ANY TRAFFIC VIOLATIONS DURING THE LAST 3 YEARS? IF YES, PROVIDE OPERATOR #, DATE, AND DESCRIPTION.			11. ANY BUSINESS AND/OR PROFESSIONAL ACTIVITIES INCLUDED IN THE PRIMARY POLICIES?		
3. ANY OPERATOR HAVE A PHYSICAL/MENTAL IMPAIRMENT? (List operator number) NOT APPLICABLE IN WI			12. DOES ANY PRIMARY POLICY HAVE REDUCED LIMITS OF LIABILITY OR ELIMINATE COVERAGE FOR SPECIFIC EXPOSURES?		
4. ANY SWIMMING POOL, SPA OR HOT TUB ON PREMISES?			13. ANY COVERAGE DECLINED, CANCELLED OR NONRENEWED DURING THE LAST 5 YEARS? NOT APPLICABLE IN MO		
5. ANY REAL ESTATE VEHICLES, WATERCRAFT, AIRCRAFT USED COMMERCIALY OR FOR BUSINESS PURPOSES?			14. DOES APPLICANT OR ANY TENANT HAVE ANY ANIMALS OR EXOTIC PETS?		
6. ANY REAL ESTATE VEHICLES, WATERCRAFT, AIRCRAFT OWNED, HIRED, LEASED OR REGULARLY USED, NOT COVERED BY PRIMARY POLICIES?			15. HAS INSURANCE BEEN TRANSFERRED WITHIN AGENCY?		
7. DO YOU ENGAGE IN ANY TYPE OF FARMING OPERATION?			16. ANY PENDING LITIGATION, COURT PROCEEDINGS OR JUDGEMENTS?		
8. DO YOU HOLD ANY NON-COMPENSATED POSITIONS?			17. IS THERE A TRAMPOLINE ON THE PREMISES?		
9. ANY FULL-TIME EMPLOYEES? (List number of employees)					

REMARKS (Attach additional sheets if more space is required)

ATTACHMENTS
STATES SUPPLEMENT(S), IF APPLICABLE

BINDER/SIGNATURE

INSURANCE BINDER	<p>IF THE "BINDER" BOX TO THE LEFT IS COMPLETED, THE FOLLOWING CONDITIONS APPLY: THIS COMPANY BINDS THE KIND(S) OF INSURANCE STIPULATED ON THIS APPLICATION. THIS INSURANCE IS SUBJECT TO THE TERMS, CONDITIONS AND LIMITATIONS OF THE POLICY(IES) IN CURRENT USE BY THE COMPANY.</p> <p>THIS BINDER MAY BE CANCELLED BY THE INSURED BY SURRENDER OF THIS BINDER OR BY WRITTEN NOTICE TO THE COMPANY STATING WHEN CANCELLATION WILL BE EFFECTIVE. THIS BINDER MAY BE CANCELLED BY THE COMPANY BY NOTICE TO THE INSURED IN ACCORDANCE WITH THE POLICY CONDITIONS. THIS BINDER IS CANCELLED WHEN REPLACED BY A POLICY. IF THIS BINDER IS NOT REPLACED BY A POLICY, THE COMPANY IS ENTITLED TO CHARGE A PREMIUM FOR THE BINDER ACCORDING TO THE RULES AND RATES IN USE BY THE COMPANY. THE QUOTED PREMIUM IS SUBJECT TO VERIFICATION AND ADJUSTMENT, WHEN NECESSARY, BY THE COMPANY.</p>	
EFFECTIVE DATE		EXPIRATION DATE
TIME		12:01 AM NOON
COVERAGE IS NOT BOUND		

PERSONAL INFORMATION ABOUT YOU, INCLUDING INFORMATION FROM A CREDIT REPORT, MAY BE COLLECTED FROM PERSONS OTHER THAN YOU IN CONNECTION WITH THIS APPLICATION FOR INSURANCE AND SUBSEQUENT AMENDMENTS AND RENEWALS. CREDIT SCORING INFORMATION MAY BE USED TO DETERMINE EITHER YOUR ELIGIBILITY FOR INSURANCE OR THE PREMIUM YOU WILL BE CHARGED. WE MAY USE A THIRD PARTY IN CONNECTION WITH THE DEVELOPMENT OF YOUR SCORE. SUCH INFORMATION AS WELL AS OTHER PERSONAL AND PRIVILEGED INFORMATION COLLECTED BY US OR OUR AGENTS MAY IN CERTAIN CIRCUMSTANCES BE DISCLOSED TO THIRD PARTIES WITHOUT YOUR AUTHORIZATION. YOU HAVE THE RIGHT TO REVIEW YOUR PERSONAL INFORMATION IN OUR FILES AND CAN REQUEST CORRECTION OF ANY INACCURACIES. A MORE DETAILED DESCRIPTION OF YOUR RIGHTS AND OUR PRACTICES REGARDING SUCH INFORMATION IS AVAILABLE UPON REQUEST. CONTACT YOUR AGENT OR BROKER FOR INSTRUCTIONS ON HOW TO SUBMIT A REQUEST TO US. COPY OF THE NOTICE OF INFORMATION PRACTICES (PRIVACY) HAS BEEN GIVEN TO THE APPLICANT. (Not applicable in all states)

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND [NY: SUBSTANTIAL] CIVIL PENALTIES. (Not applicable in CO, HI, NE, OH, OK, OR or VT. In DC, LA, ME, TN and VA insurance benefits may also be denied).

APPLICANT'S STATEMENT: I HAVE READ THE ABOVE APPLICATION AND ANY ATTACHMENTS. I DECLARE THAT THE INFORMATION PROVIDED IN THEM IS TRUE, COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. THIS INFORMATION IS BEING OFFERED TO THE COMPANY AS AN INDUCEMENT TO ISSUE THE POLICY FOR WHICH I AM APPLYING.

APPLICABLE ONLY IN INDIANA, LOUISIANA AND NEW HAMPSHIRE: OTHER STATE: _____

IF THE COMPANY TO WHICH I AM APPLYING OFFERS UNINSURED MOTORISTS (UM) [AND UNDERINSURED MOTORISTS (UIM) IN INDIANA] COVERAGE IN MY STATE, I ACKNOWLEDGE THAT (UM) [AND UIM IN INDIANA] COVERAGE HAS BEEN EXPLAINED TO ME, AND I HAVE BEEN OFFERED THE OPTION OF SELECTING UM OR UIM [IN] LIMITS EQUAL TO MY LIABILITY LIMITS, UM OR UIM [IN] LIMITS LOWER THAN MY LIABILITY LIMITS, OR TO REJECT UM OR UIM [IN] COVERAGE ENTIRELY.

1. I SELECT UM LIMITS INDICATED ON THIS APPLICATION. (INITIALS) OR 2. I REJECT UM COVERAGE IN ITS ENTIRETY. (INITIALS)

APPLICABLE ONLY IN INDIANA:
1. I SELECT UIM LIMITS INDICATED ON THIS APPLICATION. (INITIALS) OR 2. I REJECT UIM COVERAGE IN ITS ENTIRETY. (INITIALS)

APPLICABLE ONLY IN VERMONT: IF THE COMPANY TO WHICH I AM APPLYING OFFERS UM COVERAGE, I ACKNOWLEDGE THAT I HAVE BEEN OFFERED UM COVERAGE EQUAL TO MY LIABILITY LIMITS. I HAVE SELECTED THE LIMITS INDICATED IN THIS APPLICATION.

APPLICANT'S SIGNATURE	DATE	PRODUCER'S SIGNATURE	NATIONAL PRODUCER NUMBER
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RLI Personal Umbrella Policy

IIABA members now have access to the leading stand-alone personal umbrella policy in the marketplace.

Eligibility Guidelines

	Number Allowable Per Household within 3 years		
	0	2	4
Moving Violations	0	2	4
At Fault Accidents	0	1	2
Vehicles	3	4	6
Rental Units	1	4	6
Jet Skis/ Waverunner	0	2	3
Prior Claims:	No more than 1 liability claim(auto/personal) exceeding \$25,000 in 5 yrs.		
Driving Experience:	All drivers licensed at least 1 year. Permits unacceptable.		
Young Drivers:	Defined as anyone under 22. Can only have 1 at fault accident or moving violation in 3 yrs.		
Underlying Limits:	Homeowners or personal liability of \$300,000 per occurrence.		
Available Limits:	\$1,2,3, and 5 million.		
Watercraft:	Between 14 and 45 feet and/or maximum speed less than 51mph.		
Restricted Classes:	Professional entertainer or athlete, media personality, state or federal political figure or elected public official are ineligible.		
Farm Exposures:	Unacceptable if owned or leased land is farmed, in excess of 640 acres, for which the liability coverage is provided by either a homeowners, CPL or FCPL.		

Reach for it when you need it.

- ◆ \$1-, \$2-, \$3-, and \$5-million liability limits available
- ◆ Self-rating application with competitive rates
- ◆ Direct bill at renewal
- ◆ Admitted paper
- ◆ Available nationwide
- ◆ "A" rated carrier

Contact your IIABA state administrator for applications, rate sheets and to start writing business today. See reverse to find your state administrator, or visit www.independentagent.com/RLI.

RLI

Fundamentally Innovative



Occupations

Gainful employment is required. Individuals in the following occupations must be loss free and have a clean driving record for the previous five years. Coverage is written for these occupations on a Personal Injury Follow-Form Endorsement basis.

- actors, which include: professional movie, stage and television actors and entertainers;
- authors;
- broadcasters or telecasters, including television or radio station owners, executives and reporters;
- judges (elected and appointed), including federal, state, municipal and administrative;
- newspaper and magazine publishers, editors, reporters or writers;
- political figures (elected and appointed), including lobbyists or political party officers;
- professional athletes at major or minor league level;
- public lecturers.

Individuals in these occupations who are of extraordinarily high profile and high local or national name recognition may not be acceptable for coverage.

Trusts

Only personal trusts are eligible for the Personal Trust endorsement. A copy of the trust agreement must be provided to us.

Limited Liability Companies

The Limited Liability Company (LLC) endorsement may be added to our Umbrella policy for owner occupied and rental properties owned by a LLC and where the primary underlying insurance on the properties is written by Safeco Personal Insurance. The LLC must be controlled by the Named Insured on our Umbrella policy and formed exclusively for the purpose of ownership and management of private residential properties. The LLC's members and managers must also exclusively be the Named Insured on our Umbrella policy and our Named Insured's immediate family members.