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December 30, 2016

Bulletin No. 17-2016

To: NISS Member Companies

Re: Businessowners Coverage Code Additions

NISS has completed a comprehensive review of the coding contained in the Businessowners module of our Commercial Lines Statistical Plan and will be updating some of the coding in order to be consistent with industry standards effective January 1, 2017.

The coding changes provide for additional coverages, including business interruption (off-premises) coverages, cyber insurance coverages, and green upgrade coverages, and all of the changes are shown in detail on the attached pages.

We are also enhancing the Businessowners module with the addition of a general reporting instructions section specific to Businessowners.

The updated coding can be found on the attached pages and will be added to the NISS Commercial Lines Statistical Plan with our January 1, 2017 distribution.

If you have any questions, please let us know.

Very truly yours,

A handwritten signature in black ink that reads "Theresa A. Szwast". The signature is written in a cursive style with a prominent initial "T" and a long, sweeping tail on the "st".

Theresa A. Szwast

Enclosures

**BUSINESSOWNERS**

ADDITIONAL GENERAL INSTRUCTIONS - PREMIUMS AND LOSSES

- A. REPORTING OF PREMIUMS
- B. REPORTING OF EXPOSURES
- C. REPORTING OF LOSSES
- D. OWNER-OCCUPANT/LESSOR'S RISKS
- E. GREEN UPGRADE COVERAGE
- F. BUSINESS INTERRUPTION COVERAGES
- G. CYBER INSURANCE - INFORMATION SECURITY PROTECTION

## BUSINESSOWNERS

### ADDITIONAL GENERAL INSTRUCTIONS - PREMIUMS AND LOSSES

#### A. REPORTING OF PREMIUMS

Premium must be separately reported for each unique set of codes in this coding section of the plan. Each Building Risk or Contents Risk as defined below must be separately reported.

A Building Risk is a building or part of a building which takes a separate rate. Platforms, wharves, piers and yard property which take separate rates are considered Building Risks.

A Contents Risk is the property of an insured which is described by a single occupancy classification code and is located within a single building risk.

The premium reported shall be the premium charged for the policy.

Alaska - Any premium charge for Alaska Attorney's fees coverage should be included with the premium reported on the Other than Buildings and Contents record (Alaska Order 81-8).

When a policy insures more than one Building or Contents Risk, each building or contents risk must be reported separately, including Blanket Rated Risks.

#### B. REPORTING OF EXPOSURES

Refer to Coverage Code Notes and Exposure pages, in the Coding Section, for applicable requirements.

#### C. REPORTING OF LOSSES

Separate statistical entries are required by type of loss code for paid loss, outstanding loss, paid allocated loss adjustment expense, and outstanding allocated loss adjustment expense.

In Rhode Island, all losses must exclude the portion of interest on judgments entered by the court which require the insurer to make payments in excess of the policy coverage limitation due to the failure of the insurer to settle a civil action where:

1. the plaintiff has made a written offer to the defendant's insurer to settle the action in an amount equal to or less than the coverage limits on the liability policy in force at the time of the action, and
2. the said offer is rejected by the defendant's insurer.  
(Rhode Island General Laws Sections 27-7-2.2 and 27-7-2.3)

Alaska - Any loss involving Alaska Attorney's fees coverage should be reported on the Other Than Buildings and Contents record under the governing codes. (Alaska Order 81-8).

## BUSINESSOWNERS

### ADDITIONAL GENERAL INSTRUCTIONS - PREMIUMS AND LOSSES

#### D. OWNER-OCCUPANT/LESSOR'S RISKS

Businessowners risks are distinguished as either owner-occupant or lessor's risk. Lessors are building owners who have leased their buildings to others (occupants) for their use. A risk is considered a lessor's risk if the insured building owner occupies 10% or less of the total area of the premises, otherwise it is considered an owner-occupant risk.

The Classification Code distinguishes lessor's risks from those of owner-occupant's risks and should be accurately reported on each record.

#### E. GREEN UPGRADE COVERAGE

Premiums and losses attributable to Green Upgrade Coverage are to be reported separately from the underlying Businessowners property coverage. These additional premium and loss records attributable to Green Upgrades are to be reported with the information contained in the underlying property record with the exception of specific Green Upgrade Coverage Codes and Exposure. Also, Liability Limits is not required on Green Upgrade records.

Green Upgrades can be added to Businessowners property coverage (Coverage Codes 01, 02, 21 and 22).

Green Upgrade Coverage Codes identify the percentage to be applied to the amount of loss to determine the Green Upgrade amount of coverage, separately for Building or Contents (Personal Property). The Exposure on these Green Upgrade records indicates the selected maximum dollar limit for the reported Green Upgrade Coverage.

For Related Expenses Green Upgrade records, Rating Identification Code, Terrorism Coverage Code, Construction Code, Exposure, Liability Limits Code, Protection Code are not required.

**BUSINESSOWNERS**

ADDITIONAL GENERAL INSTRUCTIONS - PREMIUMS AND LOSSES

F. BUSINESS INTERRUPTION COVERAGES

1. 'ON-PREMISES' BUSINESS INTERRUPTION COVERAGE

Business Interruption (i.e., Time Element) 'on-premises' coverages require losses to be reported on a contents record. There is no separate record reported for premiums.

2. 'OFF-PREMISES' BUSINESS INTERRUPTION COVERAGE

Off-premises business interruption coverage is available via Off-Premises Interruption of Business - Vehicles and Mobile Equipment Endorsement. Off-premises coverage extends business interruption coverage applicable to buildings and contents to designated business activities that are dependent upon scheduled vehicles and mobile equipment.

For premiums and losses, this coverage is identified by the designated Coverage Codes for combined business income and extra expense, separately for collision and other than collision (Coverage Codes 57 and 58), as well as for all other off-premises business interruption (Coverage Code 59). The reported Classification Code should reflect the policy's risk classification to which this coverage is being attached.

For losses, report the applicable Time Element Type of Loss Code which pertains to the covered peril. Off-premises business interruption collision losses are to be reported under Type of Loss Code 89.

## BUSINESSOWNERS

### ADDITIONAL GENERAL INSTRUCTIONS - PREMIUMS AND LOSSES

#### G. CYBER INSURANCE - INFORMATION SECURITY PROTECTION

The Information Security Protection (ISP) endorsement consists of three tier options which provide coverage of up to seven separate Insuring Agreements (A-G).

1. Tier 1 consists of Insuring Agreement A (Replacement or Restoration of Electronic Data), Insuring Agreement B (Public Relations Expense) and Insuring Agreement C (Security Breach Expense).
2. Tier 2 consists of Insuring Agreement D (Security Breach Liability), in addition to A, B and C.
3. Tier 3 consists of Insuring Agreements E (Extortion Threats), F (Business Income and Extra Expense) and G (Web Site Publishing Liability), in addition to A, B, C and D.

For reporting purposes, the ISP premium record will be reported based on the tier level chosen. For example, if Tier 3 is chosen, all the Insuring Agreements under Tier 1, Tier 2 and Tier 3 are provided and one premium record is required.

Optional coverage endorsements are also available for Payment Card Industry (PCI) - Provide Coverage For Defense Expenses and Fines or Penalties and Provide Coverage for Dishonest, Malicious or Fraudulent Acts Committed By Employees.

Each optional endorsement, when elected, requires a separate premium record.

**BUSINESSOWNERS**

**COVERAGE CODES**

Description	Code
<b>BUILDING AND CONTENTS RECORDS</b>	
Combined Premium - Property and Liability Coverage	
Building (Coverage A).....	01
Contents (Coverage B).....	02
Divisible Premium - Property Coverage Only	
Building (Coverage A).....	21
Contents (Coverage B).....	22
Divisible Premium - Liability Coverage Only	
Building (Coverage A).....	23
Contents (Coverage B).....	24
Supplemental Coverage of Lead Poisoning - <b>Massachusetts</b> .....	18
<b>ALL OTHER RECORDS - Optional Coverages and Endorsements</b>	
Accounts Receivable Coverage (Provided as Part of Added Coverage Endorsement).....	10
Air Conditioning Equipment Coverage.....	07
Barbers and Beauticians Liability.....	50
Boilers and Pressure Vessels Coverage.....	06
Burglary Coverage.....	08
Computer and Funds Transfer Fraud Coverage.....	44
Contractors' Installation Coverage.....	30
Contractors' Tools and Equipment and Installation Coverage - Basic.	25
Contractors' Tools and Equipment:	
Blanket Basis.....	26
Scheduled Basis.....	27
Non-Owned Tools and Equipment.....	28
Employees' Tools.....	29
Electronic Media and Records Coverage.....	17
Employees Dishonesty Coverage.....	05
Employment-Related Practices Liability.....	56
Equipment Breakdown Protection Coverage.....	45
Exterior Signs Coverage.....	04
Food Contamination.....	61
Funeral Directors Liability.....	51
Hired Automobile Liability.....	14
Interior and Tenants Exterior Building Glass Coverage.....	20
Liquor Liability.....	43
<b>Massachusetts</b> Tenant Relocation Endorsement.....	12
Money And Securities Coverage.....	16
Non-Owned Auto Liability.....	13
Optical and Hearing Aid Establishments Liability.....	53
Ordinance or Law.....	40
Outdoor Property.....	39
Pharmacists Liability.....	52
Printers Errors and Omissions Liability.....	54
Spoilage Coverage.....	31
Swimming Pool Charges.....	15
Utility Services - Direct Damage.....	41
Utility Services - Time Element.....	42
Valuable Papers Coverage (Provided as Part of Added Coverage Endorsement).....	11
Veterinarians Liability.....	55
All Other Coverages (Including Additional Interests, Excluding Business Interruption - Off-Premises and Green Upgrades).....	19

**BUSINESSOWNERS**

**COVERAGE CODES**

Description	Code
<b>BUSINESS INTERRUPTION (OFF-PREMISES) COVERAGES</b>	
Business Income and Extra Expense Combined - Collision.....	57
Business Income and Extra Expense Combined - Other Than Collision..	58
All Other Off-Premises Business Interruption Coverages.....	59
<b>CYBER INSURANCE - INFORMATION SECURITY PROTECTION COVERAGES</b>	
Tier 1: Insuring Agreements A, B and C.....	81
Tier 2: Insuring Agreement D (in addition to A, B and C).....	82
Tier 3: Insuring Agreements E, F and G (in addition to A, B, C and D) with Insuring Agreement F (Business Income/Extra Expense waiting period:	
24 hours (Base policy waiting period).....	83
8 hours.....	84
No waiting period.....	85
All Other waiting periods.....	86
Coverage for Defense Expenses and Fines or Penalties - Payment Card Industry (PCI).....	87
Coverage for Dishonest, Malicious or Fraudulent Acts Committed By Employees.....	88
<b>GREEN UPGRADE COVERAGES</b>	
Increased Cost of Loss Percentage (Other than Related Expenses)*	
10% applied to the amount of loss	
Building (Coverage A).....	62
Contents (Coverage B).....	63
20% applied to the amount of loss	
Building (Coverage A).....	64
Contents (Coverage B).....	65
30% applied to the amount of loss	
Building (Coverage A).....	66
Contents (Coverage B).....	67
40% applied to the amount of loss	
Building (Coverage A).....	68
Contents (Coverage B).....	69
50% applied to the amount of loss	
Building (Coverage A).....	70
Contents (Coverage B).....	71
More than 50% applied to the amount of loss	
Building (Coverage A).....	72
Contents (Coverage B).....	73
Related Expenses.....	74

\* Any percentage different from the percentages listed above shall be coded as the next higher Increased Cost of Loss Percentage for which a code is provided (e.g., 25% under Building Code 66).





**BUSINESSOWNERS**

**CONSTRUCTION CODES**

**BUILDING AND CONTENTS RECORDS (SUBLINE 915, COVERAGE CODES 01, 02, 21, 22, and 62-73 ONLY). Required on all premium records and all Property Damage and Time Element loss records - Type of Loss Codes 2X, 3X, 51 and 52.**

Description	Code
<b>Frame:</b> Buildings where the exterior walls are wood or other combustible materials, including construction where the combustible materials are combined with other materials such as a brick veneer, stone veneer, wood iron - clad and stucco on wood..	1
<b>Joisted Masonry:</b> Building where the exterior walls are constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and where the floors and roof are combustible. (Other than constructions defined by the description of code 7).....	2
<b>Heavy Timber Joisted Masonry:</b> Joisted Masonry construction where the following additional conditions exist: Roof Deck has a minimum thickness of 2 inches with Roof Supports having a minimum dimension of 6 inches, or Roof Assembly is documented to have a UL wind uplift classification of 90 or equivalent.....	7
<b>Non-combustible:</b> Buildings where the exterior walls and the floors and roof are constructed of, and supported by, metal, asbestos, gypsum or other non-combustible materials. (Other than constructions defined by the description for code 8).....	3
<b>Superior Non-combustible:</b> Non-combustible construction where the following additional conditions exist: Floors and roof constructed of 2 inches of masonry on steel supports, or documented to be constructed of 22 gauge metal or heavier on steel supports, or documented to have a wind uplift classification of 90 or equivalent.....	8
<b>Masonry Non-combustible:</b> Buildings where the exterior walls are constructed of masonry materials as described in Code 2 above, with the floors and roof of metal or other non-combustible materials. (Other than constructions defined by the description for code 9.).....	4
<b>Superior Masonry Non-combustible:</b> Masonry Non-combustible construction where the following additional conditions exist: Floors and roof constructed of 2 inches of masonry on steel supports, or documented to be constructed of 22 gauge metal or heavier on steel supports, or documented to have a wind uplift classification of 90 or equivalent.....	9
<b>Modified Fire Resistive:</b> 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.....	5
<b>Fire Resistive:</b> Buildings where the exterior walls and the floors and roof are constructed of masonry or fire resistive materials having a fire resistance rating of not less than two hours.....	6
Not Applicable.....	0

**BUSINESSOWNERS**

**PROTECTION CODES**

**BUILDING AND CONTENTS RECORDS (SUBLINE 915, COVERAGE CODES 01, 02, 21, 22, and 62-73 ONLY). Required on all premium records and all Property Damage and Time Element loss records - Type of Loss Codes 2X, 3X, 51 and 52.**

**All State Except District of Columbia and Puerto Rico**

Description	Code
Protection Class	
1.....	01
2.....	02
3.....	03
4.....	04
5.....	05
6.....	06
7.....	07
8, 8B.....	08
9, 9A, 9B, 9E.....	09
9S (North Carolina Only).....	11
10.....	10

**DISTRICT OF COLUMBIA**

Description	Code
All.....	01

**PUERTO RICO**

Description	Code
Protected.....	08
Semi-Protected.....	09
Unprotected.....	10

**Puerto Rico Properties:**

- Protected - All properties located within five miles of a Public Fire Station housing motorized apparatus and within 1,000 feet of a standard public fire hydrant.
- Semi-Protected - All properties located within five miles of a Public Fire Station housing apparatus and more than 1,000 feet from a standard public fire hydrant.
- Unprotected - All properties not meeting the above specifications.

BUSINESSOWNERS

RATING IDENTIFICATION

BUILDING AND CONTENTS RECORDS (SUBLINE 915, COVERAGE CODES 01, 02, 21, 22, AND 62-73 ONLY). Required on all premium records and all Property Damage and Time Element loss records - Type of Loss Codes 2X, 3X, 51 and 52.

Description	Code
Non-Sprinklered.....	4
Sprinklered.....	5

**BUSINESSOWNERS**

**TYPE OF LOSS**

The following codes are applicable to Subline 915:

**Losses Under Coverage Codes: 01, 02, 13-15, 18, 21-24, 26-29, 57-59**

Description	Code
<b>Property Losses - Property Damage</b>	
Fire & Lightning.....	21
Wind or Hail.....	22
Explosion.....	23
Riot or Civil Commotion.....	24
Vandalism.....	25
Sprinkler Leakage.....	26
Burglary, Theft and Robbery - Money and Securities.....	27
Burglary, Theft and Robbery - Other Than Money and Securities...	28
Losses Under 'Exterior Building Glass Additional Coverage.....	51
Terrorism Related Loss - Property Damage.....	55
All Other.....	29
<b>Property Losses - Time Element</b>	
Fire & Lightning.....	31
Wind or Hail.....	32
Explosion.....	33
Riot or Civil Commotion.....	34
Vandalism.....	35
Sprinkler Leakage.....	36
Burglary, Theft and Robbery - Money and Securities.....	37
Burglary, Theft and Robbery - Other Than Money and Securities...	38
Losses Under 'Exterior Building Glass Additional Coverage.....	52
Terrorism Related Loss - Property Damage.....	56
Losses due to Off-Premises Business Interruption - Collision Coverage only (Coverage Codes 57 and 59).....	89
All Other.....	39
<b>Liability Losses</b>	
<b>Premises/Operations Liability</b>	
Other than <b>Massachusetts</b> Lead Poisoning Liability.....	41
<b>Massachusetts</b> Lead Poisoning Liability.....	47
Product Liability.....	42
Druggist Professional Liability.....	43
Non-Owned Auto Liability.....	44*
Medical payments.....	45
Hired Automobile Liability.....	46*
Terrorism Related Loss - Liability.....	95
All Other Liability.....	49
Losses under Coverage Code 18 <b>Massachusetts</b> Lead Poisoning Liability.....	47

**Losses Under Coverage Codes: 03-08, 10-12, 16-17, 19, 20, 25, 30, 31, 40-45, 50-56,61, 81-88**

Losses - All other Coverages.....	59
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\*Not Applicable in Massachusetts