



RLI Commercial Auto Overview

RLI Transportation's Commercial Auto Contact:

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RLI Transportation
A division of RLI Insurance Company

<http://www.rlitransportation.com>
<http://www.rlicorp.com/Products/transportation.asp>

RLI Corp. Overview

Founded in 1965, RLI (NYSE: RLI) was one of the first insurers of contact lenses. Now, as one of the premier specialty insurance companies in the United States, we deliver innovative products, employ talented people and leverage technology to meet the needs of our customers and their businesses. As the leading specialty insurance organization in the United States, RLI exceeds expectations through innovative products, services and people.

We are proud of having an A+ rating from A.M. Best Company. We also earned recognition from Ward's 50, an industry list of top-performing companies, for the 15th consecutive year. The company was one of only eight property and casualty insurers so honored.

RLI has paid increased dividends for 29 straight years and is ranked 191st out of 10,000 publicly traded companies for 10-year average annual compound growth. The company is part of S&P's elite Small Cap 600 Index, which consists of domestic stocks chosen for market size, liquidity and industry group representation.

While these and other results are impressive, we focus on continuing to generate profitable results, and the shareholder rewards they create, well into the future.

RLI's history of innovation dates to 1961, when Chairman Gerald D. Stephens, CPCU, recognized the exorbitant expense of replacing contact lenses and founded RLI — Replacement Lens Inc. RLI emerged as the largest insurer of its kind in the world.

Building upon this success, RLI soon charted a course that would dramatically affect its future. RLI entered the commercial property and liability insurance field and expanded into the direct writing of commercial insurance.

RLI Insurance Company, our flagship insurance subsidiary; Mt. Hawley Insurance Company, our multi-line excess and surplus lines subsidiary; and RLI Indemnity Company, which is admitted in most states, are all rated A+ by A. M. Best Company. Through them, the company has developed a reputation for profitably covering difficult risks typically eschewed by larger multi-line insurers. Our record of success can be traced to our underwriting, claims and support personnel, noted for their expertise in specialized insurance products and segments.

Characteristic throughout the company is a seasoned entrepreneurial spirit inspired by the fundamentals that guide insurance success. The company's reputation for original products, superior service and aggressive implementation of cutting-edge technology is known nationwide. In short, RLI remains a model of fundamentally sound innovation for the insurance industry.

RLI Transportation's Commercial Auto unit, a division of RLI Insurance Company, is a full-service provider of insurance products and services for commercial fleets.



RLI Transportation - Competitive Advantages

RLI Transportation's Commercial Auto unit has inherent competitive advantages over most of our competitors. Each of the advantages is used, either individually or in combination, to win the business and develop long-term customers. Key competitive advantages are:



We are A+ rated by A.M. Best Company.



We write on admitted paper and are admitted in all 50 states



Our underwriters and claims personnel are experts in the automobile and transportation segment and understand the customer's needs - this is all we do.



Buffer layers are available over our primary limits, if required by the umbrella carrier, or if it allows the customer to get a more competitive price on their umbrellas.



We can provide tailored "out of the box" approaches to meet a customer's unique needs. We use proprietary pricing models, deductibles, SIRs and coverage approaches, that may help reduce your customer's cost of "risk".



Our Claims department is located within the Transportation unit, and they are experts at handling routine and complex commercial vehicle claims.



All underwriting authority resides in RLI Transportation's Atlanta office. Assuming adequate information has been provided, we provide swift decisions and rapid quotation turn around.



We are a stable carrier committed to the transportation industry. We have made an underwriting profit 9 out of the last 10 years. Based on a recent National Underwriter report, during the period from 1998 to 2003, we were the most consistently profitable, underwriting company, in the US based on combined ratio and combined ratio fluctuation. <http://www.nationalunderwriter.com/pandc/nuonline/012405/TheTop50.pdf>



We are relationship driven. We develop long-term relationships with our agents and customers so that we provide a stable, mutually profitable service, which benefits everyone's bottom line.

Targeted Markets

Customer Definition

RLI Transportation's Commercial Auto division will target specific customers based on segment, fleet size, historic state profitability, underwriting characteristics and distributor relationships. In general, the targeted commercial auto fleet will have the following characteristics:

- The insured will have an expiring premium of a minimum of \$10,000.
- The insured may operate in all states except Alaska, Hawaii, Louisiana and Massachusetts, where RLI's commercial auto division does not write coverage. (unless incidental)
- The insured will be receptive to auto liability deductibles, although guaranteed cost programs are the norm.
- The insured will have a fleet safety program in place, commensurate with its operations.
- When the customer has a "family use", exposure (i.e. executive or salespersons vehicles) written guidelines will be in place and are compulsory.
- The insured "normally" would not do not require ICC filings. Those who do require filings will be referred to Dan Meyer, VP of Trucking unless it is only an "incidental exposure".
- The prospective insured will have good financials and be willing to provide them to RLI, prior to quoting. We consider the financials and historic loss experience to be critical indicators of an account's acceptability.

Insurance Program Structures

In general, RLI Transportation's Commercial Auto unit will write guaranteed cost programs. We are however, experts at designing small, intermediate and large deductible or SIR programs.













Areas of Emphasis

RLI's Commercial Auto - areas of emphasis	
HNOA	Heavy Hired & Non-Owned exposures - i.e. Hospitals with visiting nurses, couriers with independent contractor exposure. (No food delivery)
Extra Heavy Units	Owned units, carrying owned goods, portion of the fleet or entire fleet – many “standard markets” avoid this exposure.
Other Lines in a Specialty Market	Other lines are in captive or in a specialty market. (i.e. engineering firms, aircraft parts)
Long Haul Exposure	Owned fleets with a long haul exposure, portion of the fleet or entire fleet – many “standard markets” avoid this exposure.
Symbol 10 or Manuscript	Symbol 10 or manuscript wording needed to tailor the coverage to a unique situation.
Large Sales Fleets	In many cases, the WC and auto are the only coverages that need to be purchased in the US.
Public Livery	Fleets with “incidental” public transport - i.e. Colleges, hospital with non-emergency transport. (No assisted living)
Less than Desirable Drivers	Driver(s) may not meet ““standard market” driver guidelines. Our guidelines are more forgiving than many “standard markets”.
Large Loss	Incumbent carrier took a large loss and does not want to renew, but otherwise the experience and controls are good.
Unique Equipment	Fleet where a portion of the units have unique equipment attached to the power unit. (i.e. industrial vacuum trucks, welding units)
Auto is Being “surcharged”	In certain circumstances, the current carrier may be “surcharging the auto due to the fact they are writing” other “tough lines. (i.e. medical products manufactures)

Targeted Commercial Auto Classes

-  **Construction**
-  **Public Administration**
-  **Wholesalers and Distributors**
-  **Transportation & Communications**
-  **Financial Institutions**
-  **Manufacturing**
-  **Reverse Flow - Overseas Parents with US based operations**
-  **Healthcare & Miscellaneous Services**
-  **Real Estate Companies (i.e. REITS)**

Non - Target Commercial Auto Classes

-  **Explosives**
-  **Hazardous Material Haulers of Any Kind**
-  **Residential or Commercial Waste Haulers**
-  **Carnival / Circus operations**
-  **Livestock Haulers**
-  **Ready Mix Concrete**
-  **Towing Operations**
-  **Drive Away Contractors**
-  **Flat Bed Operations (incidental OK)**
-  **Container Haulers**
-  **Dump Operations (incidental OK)**
-  **Cherry Pickers (incidental OK)**
-  **Cranes (incidental OK)**

Targeted Classes – Details

Contractors

- General contractors: commercial site preparation, commercial builders, mechanical contractors
- Specialty contractors: alarm installation and monitoring, millwrights, cable installation, fire suppression system installation, irrigation system installation, welding, pest control or termite services
- Artisan contractors: electricians, plumbers, HVAC, painting, carpenters

Targeted Classes

- Alarm and alarm systems installation
- Boiler installation and repairs
- Bridge, dam, dike or levee construction
- Cable installation and repair (at or below ground level)
- Carpentry and flooring
- Commercial building contractors
- Communication installation and repair
- Electrical work
- Fireproofers
- Fire suppression system installation
- General contractors - non-residential
- Glass installers
- HVAC
- Insulation
- Land grader - no dump trucks (unless incidental)
- Mechanical
- Millwrights and riggers
- Painting
- Pile drivers
- Pipeline installation (water)
- Plumbing
- Roofing
- Site preparation contractors
- Utility construction and repair (at or below ground level)
- Welding
- Drilling of any kind
- Masonry

Prohibited Classes

- Residential generals
 - Including mobile homes, modular homes, prefabricated home building, and government subsidized housing renovators -including erection, assembly and oversight
- Caisson or cofferdam
- Concrete construction
- Cranes of any kind (unless incidental)
- Dump trucks (unless incidental)
- Excavation or industrial piping
- Iron or steel erection
- Steel, road, bridge or tunneling
- Mining or quarry operations
- Mobile home or house transporters
- Pipeline installation (gas)
- Railroad maintenance including sidetrack
- Redi mix
- Sand, gravel and aggregate haulers
- Structural metal or wood products
- Tower erection
- All contractor vehicles where they own, operate or lease vehicles that have booms, lifts, cherry pickers, or where the vehicle has the ability to lift things above the driver's compartment (unless incidental)

Public Administration

- Municipalities, towns, cities, water districts, schools, universities, colleges and general government fleets

Targeted Classes

- Public administration (i.e., municipalities, towns, cities, water districts and schools)
- Executive, legislative, and general government, except finance, public finance, taxation, and monetary policy (i.e., state fleets)
- Administration of human resource programs
- Schools, universities, colleges
- Emergency vehicles – (i.e., police, ambulance or fire trucks)

Prohibited Classes

- Hazardous material handling vehicles
- Vehicles that transport individuals involved in the criminal justice system
- Vehicles used in national security or international affairs
- Safety vehicles used in highway rescue, or repair
- School buses (Special RLI program; contact Tim Hathy)
- Public livery (Special RLI program; contact Tim Hathy)

Wholesalers, Distributors and Retailers

- Wholesale trade - durable goods: (i.e., machinery or equipment)
- Wholesale trade - non-durable goods: (i.e., paper, beverage or food)
- Multi-location retail chains or shopping center owners

Targeted Classes

- Wholesale trade - durable goods
- Machinery and equipment movers
- Wholesale trade - non-durable goods
- Retail trade
- Shopping centers

Prohibited Classes

- Automobile, motorcycle or recreational vehicle dealers
- Food delivery to residential homes
- Structural metals or concrete
- Jewelers, precious metals, coins precious stones or watches
- Distributors of raw materials (i.e., coal, ores or loose metallic material not in tank trucks)
- Metal - bars, rods, ingots, sheets, pipes, plates, rails, steel beams
- Timber, lumber, firewood or any other “raw” wood products
- Firearm, ordinance or explosives
- Scrap, waste, junk or recycled materials
- Nursery stock – trees, bushes, sod or soil
- Mobile homes, modular homes or prefabricated home building components
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Transportation and Communications

- Courier services, cable or computer networking, mail or parcel delivery, radio and TV broadcasting, transportation inspection services, telephone companies, warehousing/terminal operations.

Targeted Classes

- Courier services
- Cable or computer networking hardware delivery and installation.
- Mail or parcel delivery
- Optical fiber installation
- Radio and TV broadcasting companies
- Vehicle used in tour or travel operations
- Travel agency fleets
- Packing or crating
- Inspection services connected with transportation
- Telephone companies
- Warehousing and terminal operations
- Armored car services
- Above ground communication companies, including radio and TV broadcasting stations where they own, operate or lease vehicles that have booms, lifts, cherry pickers or where the vehicle has the ability to lift things or people above the top of the drivers compartment
- Marina operations

Prohibited Classes

- Railroads (RLI may write public transportation between railroads and other destinations; contact Tim Hathy)
- Water borne transportation (i.e., passengers or freight)
- Air transportation
- Mining or quarry operations
- Boat hauling
- Firearm, ordinance or explosives
- Public livery (special RLI program; contact Tim Hathy)

Reverse Flow – Overseas Parent with U.S.-based Operations

Targeted Classes

- Many overseas companies have global programs, but these programs do not include auto fleets because they need United States-based coverage. In addition, they may require carriers rated "A" or better by A. M. Best.

Prohibited Classes

- Any of the classes listed in the prohibited classes above would not be an eligible.

Financial Institutions

- Depository institutions (i.e., banks, savings and loans, branches of foreign banks and credit unions), trust companies, security brokerage firms, insurance companies, insurance agents and brokers
- Real estate investment holdings (a.k.a. REITS) and real estate owners, developers, managers or operators

Targeted Classes

- Depository institutions (i.e., banks, savings and loans and credit unions)
- Trusts companies
- Security brokerage firms
- Agencies or branches of foreign banks
- Insurance carriers
- Insurance agents and brokers
- Real estate investment holdings (i.e., REITS)
- Real estate owners (i.e., shopping centers or large property owners)
- Real estate developers or operators

Prohibited Classes

- Repossession of vehicles
- Auto / truck rental or leasing
- Equipment rental or leasing
- Factoring

Services

- Healthcare services (i.e., hospitals, clinics or healthcare providers)
- General services (i.e., accounting, engineering, auditing firms, legal services)
- Educational services (i.e., private schools, universities, colleges or management firms)
- Cleaning services
- Miscellaneous services
- Entertainment or resorts

Targeted Classes

- Health services (i.e., hospitals, clinics or healthcare providers)
- Legal services (i.e., lawyers, transcribers)
- Educational services (i.e., private schools, universities or colleges)
- Engineering, accounting, research, management and related services
- Personal services (i.e., uniform cleaning and delivery, linen supply, laundry, carpet or upholstery cleaning, dry cleaning)
- Real estate agencies
- Funeral homes, funeral parlors or cemeteries
- Heavy equipment delivery
- Termite service
- Armored car services
- Ambulance
- EMS Services

Prohibited Classes

- Parking services or valet
- Amusement park
- Carnivals
- Fairs (i.e., art fairs, county fairs)
- PEOs
- Newspaper delivery
- Hotels, rooming houses, camps or other lodging
- Nursing homes or assisted living
- Towing operations

Manufacturers

- All types of manufacturers: plastics, fabricated metals, industrial machinery, paper products, food products, electronic and electrical equipment, textiles

Targeted Classes

- Apparel and fabrics
- Abrasives or mineral products
- Asphalt or paving mixtures
- Construction machinery and equipment
- Farm machinery equipment
- Food and kindred products
- Furniture and fixtures
- Paper and allied products
- Primary metals manufacture
- Printing
- Chemicals and allied products
- Rubber and plastics products
- Fabricated metal products
- Industrial/commercial machinery and computer equipment
- Electronic and electrical equipment
- Textile manufacturers
- Transportation equipment
- Measuring, analyzing and controlling instruments
- Photographic, medical, optical goods, watches and clocks
- Miscellaneous manufacturing industries
- Shortening, table oils or edible fat
- Malt beverages, liquor or wine
- Leather and leather products

Prohibited Classes

- Firearm, ordinance or explosives
- Raw or finished lumber
- Nuclear waste generators or producers of hazardous materials
- Petroleum products (gasoline, oil, fuels, LPG)
- Meat and poultry packing plants
- Live animal or rendering where the commodity is transported by the customer
- Tobacco products
- Recyclers
- Animal or marine fats and oils
- Logging
- Mobile homes, modular homes or prefabricated
- Pallets or skids
- Hazardous chemicals or agricultural chemicals
- Asphalt or paving mixtures
- Structural metal or wood products
- Brick, concrete block or structural tile
- Automobile haulers