



Dwelling Fire Policy Guidelines

The Dwelling Fire Policy Program provides property coverages, using the forms and endorsements specified in this manual. This manual contains the rules and classifications governing the writing of a Dwelling Fire Policy. The rules, rates, forms and endorsements shall govern any policies produced in this program.

RULE 1 -- GENERAL INFORMATION

- A. This manual contains information to write Dwelling Fire Policies on behalf of State National Fire Insurance Company (SNF).
- B. The producer shall be solely responsible for the favorable relationship between the insured and SNF.

RULE 2 -- PRODUCER APPOINTMENTS

- A. A producer appointed to SNF shall be a registered licensed Agent authorized to write residential property and casualty insurance in Louisiana.
- B. A producer appointment shall be submitted to and accepted by SNF
- C. The producer shall have errors and omissions coverage in an amount at least equal to \$500,000 per occurrence, with a minimum annual aggregate of \$500,000, and such coverage shall be written by an insurance carrier authorized to do business in Louisiana. A copy of the errors and omissions declarations page must be submitted to SNF.

RULE 3 -- APPLICATIONS FOR INSURANCE AND STANDARD POLICY COVERAGE

Note: Louisiana Revised Statute 22:1333, provides that any misrepresentation of material fact, omissions or incorrect statement on an application for coverage may prevent recovery under the policy

A. Applications

All business written shall be submitted on the following application.

1. Approved SNF application.
2. This application is to be completed for eligible applicants desiring a Dwelling Fire policy, currently referred to as SNF-905C.

B. Application Submission Procedures

- All applications for insurance shall be signed by the applicant and the producer of record and shall be accompanied by the required documentation as described in the following paragraphs.

- Each application (and premium finance agreement, if applicable) shall be legible and submitted to the Company no later than **Five (5)** business days from the day coverage was effective.
- All checks must be payable to State National Fire Insurance Co.
- At no time shall the premium deposit be less than that which was paid by the insured, mortgagee or premium finance company.

Note: The **Five (5)** day submission requirement also applies to all endorsements that increase, broaden, or extend coverage. All premium deposits shall be submitted with each application on a gross remittance basis.

C. Pictures are to be submitted to State National Fire Insurance Company

Photograph Requirements:

- Reverse-angle color photographs showing the front and one side view of the main structure with a second photograph showing the back and remaining side of the structure.
- All other structures. A single photograph showing the front and one side of the structure.
- A second copy of all documents transmitted to the Company (except photographs) shall be given to the applicant.
- A third copy of all documents transmitted to the Company (except photographs) shall be retained by the producer.

Note 1: Failure to make the SNF required minimum premium deposit could result in producer suspension.

Note 2: No funds should be submitted for properties that are ineligible for binding.

Note 3: Producers or applicants who have submitted dishonored checks or other funds to a company on two or more occasions during a one (1) year period shall submit future payments by certified check, bank check or money order.

Note 4: If an insured or applicant pays by check or money order, the producer shall advise the applicant to make the check or money order payable to SNF, not the producer or agency. Policyholders' money deposited to producer accounts is not recoverable from the company, nor can a producer request cancellation of a policy as a result.

D. Binding Instructions for Eligible Properties

1. Binding Period

The producer shall submit a completed application bound for a period not to exceed Thirty (30) days and the premium payment to the Company along with a front angle photograph and documentation to allow the Company to determine eligibility for continuing coverage. The binder shall specifically show the hour, day, month, and year coverage is to be effective. The Company will review the complete submission and shall notify the producer if:

- a. The property is acceptable subject to certain form restrictions;
- b. The property is acceptable subject to premium surcharges; or
- c. The property is not acceptable for coverage under the Company Underwriting Rules.

2. Documentation

- a. Completed and signed SNF approved application, with required premium payment.
- b. A legible copy of the current or immediate past declarations page, cancellation notice or notice of nonrenewal for the property to be insured will be required to avoid a surcharge (See RULE 28, "Underwriting Surcharges").

Note 1: A physical inspection report may be ordered on a property to confirm insurability.

RULE 4 -- UNINSURABLE PROPERTIES

The following risks may **not** be insured in the SNF Dwelling Fire Program. These rules apply to new and renewal business unless otherwise stated. The final decision of acceptability rests with the Company Underwriter and Director.

- A. Commercial Property**
Or any property located within 300 feet of a commercial property.
- B. Condemned Property**
Properties which have been condemned due to condition, properties located in a condemned area or properties in an area scheduled to be condemned due to urban renewal or highway construction.
- C. Property in Disrepair/Existing Damage**
Properties in a state of disrepair or properties with existing damage with no definitive proof of intent to repair should not be submitted for coverage.

Exception: Properties with existing damage may be issued a policy with an SNF Roof Endorsement excluding coverage for future claims related to any existing damage, provided documentation of intent to repair within ninety (90) days is received. This is at the discretion of the Company.

D. Farms & Ranches

Properties (dwelling) located on a farm, ranch, orchard or grove or where farming activities or ranching operations take place.

E. Business Exposure

1. Properties where a business is conducted. Two salient elements to help identify a “business” included:
 - a. a profit motive and;
 - b. continuity of the activity (e.g.; all manufacturing, retail sales when customer traffic is common, bed & breakfast operations, nursing homes, adult care living facilities, produce stands, “u-pick-it” produce operations, kennels, repair work, including auto or appliance repair, hair salons, and home daycare in excess of three (3) children.

Exception: Incidental offices, schools or studios meaning offices for business or professional purposes and private schools or studios for music, dance, photography and other instructional purposes.

F. Heating And Electrical

1. Properties which have a portable heater or open flame as a primary source of heat(e.g.; portable space heater, wood burning stove, gas heater, or any device utilizing an open flame).

Exception: Factory or professionally installed, central gas heat systems and fireplaces.

2. Properties with any “knob & tube wiring.
3. Properties that are equipped with electrical service less than 150 amps.
4. Properties over 20 years old that are equipped with electrical services less than 200 amps.

Exceptions: If approved by a Louisiana licensed electrician or municipal building inspector within the last five (5) years.

G. Modular or Mobile Homes

H. “Do-It- Yourself” construction, mobile Homes, pre-fabricated or kit homes.

Buildings or structures that are homemade or rebuilt, or any dwelling constructed with extensive remodeling.

I. Non-Habitational Property

Residential risks used primarily for non-habitational purposes or dwellings that were originally designed or constructed for purposes other than habitational purposes.

- J. Fraternity or Sorority Houses**
Fraternity, sorority or any similar housing arrangement.
- K. Vacant or Unoccupied Property**
Vacant or unoccupied dwelling including those under renovation or repair.
- Note:** “Unoccupied” includes dwellings with contents if the dwelling is no longer a place of usual return. Property is considered “vacant” when unoccupied for at least 60 consecutive days.
- L. Arson or Insurance Fraud**
Applicants convicted of arson, cancelled for insurance fraud in the past fifteen (15) years or material misrepresentation on an application for insurance in the past seven (7) years.
- M. Property Constructed over Water**
Any insured location with a structure constructed partially or entirely over water (e.g.; boat houses, etc.).
- N. Property Built on Landfills- Refuse**
Properties built on landfills previously used for refuse
- O. Inaccessible Property**
Properties not readily accessible year round to fire department equipment (e.g.; isolated property including all barrier islands whether or not connected to the mainland by a road).
- P. Excessive or Unusual Liability Exposure**
Properties with excessive or unusual liability exposure.
- Q. Sinkhole Exposure**
Risks with prior sinkhole losses at any time where claim payment has been made are ineligible.
- R. Brush Fire Exposure**
Residence subject to brush or forest fire.
- S. Dwelling accessible only by boat**
- T. Property with characteristics of ownership that is in violation of law or public policy.**

- U. Conversions of travel trailers, horse trailers, etc., which are designed for use on public highways. (Such structures are not eligible even if it is converted to immovable property and is permanently tied down.)
- V. Building not originally designed for residential use that has been converted to residential use.
- W. Loss History
 1. Two or more claims in the past three years, excluding acts of God.
 2. Any risk which has had a property or contents theft loss and has not installed proper alarm systems and had damage repaired.
 3. Any risks that have suffered personal liability loss at any time.

RULE 5 -- PROPERTIES TO BE SUBMITTED FOR PRIOR APPROVAL

The producer shall not bind coverage for any property exhibiting any one of the following characteristics. These rules apply to new and renewal business unless otherwise stated.

- A. Foundation Damage
Any risk with cracks in the foundation, walls, driveway or dwelling must be submitted to SNF for approval prior to binding.
- B. Trees on Premises
Risks that have dead or diseased trees on property must be submitted to SNF for approval prior to binding.
- C. Miscellaneous
 1. Anyone who has been declined, cancelled, or had renewal for insurance refused.
 2. Anyone engaged in an illicit, illegal business.
- D. Special Application Procedures
Any property which exhibits any of the characteristics described in Paragraphs A through C above shall be submitted with reverse angle photographs and documentation which would allow the Company to evaluate eligibility for coverage. Coverage shall not be bound by the producer and no payments shall be collected or submitted with the application. The producer shall be advised within fifteen (15) working days of receipt if coverage can be provided by SNF for the particular property.

RULE 6 -- ADDITIONAL UNDERWRITING CONSIDERATIONS

A. Named Wind Event Suspension

No new or increased coverage shall be bound, nor shall applications for new or increased coverage be accepted when a named tropical storm or hurricane is entering the Gulf of Mexico. A named wind event is a windstorm identified as a tropical storm or hurricane by the National Oceanic and Atmospheric Administration.

No new coverage shall be written within the first forty-eight (48) hours after a tropical storm or hurricane has left the aforementioned defined area unless the producer has personally inspected the property to verify that no loss has taken place and noted on the application that said inspection was made.

Note: It shall be the producer's responsibility to be aware of and track hurricanes or tropical storms for the application of binding restrictions.

B. Standard Policy Coverage

The following condition shall be included in or endorsed to each policy issued:

1. That the statements in the Declarations are the representations of the applicant;
2. That this policy is issued in reliance upon the truth of those representations.

RULE 7 -- DESCRIPTION OF COVERAGES

The following is a general listing of the coverages provided by the Individual Dwelling Fire Policy forms.

A. Coverages- Property Damage

- Coverage "A"- Dwelling
- Coverage "B" – Other Structures
- Coverage "C"- Personal Property
- Coverage "E" – Living Expense Benefit

The policy should be consulted for exact contract conditions.
Coverage "D" can be added by Endorsement.

- **Our policy offers a dwelling fire policy with several additional coverages, it is not set as any one particular dwelling fire policy (DP1,DP2,DP3).**

RULE 8 -- PROGRAM ELIGIBILITY

- A.** A Dwelling Fire Policy shall be issued on the following:
1. Named Insured is owner.
 2. Named insured is tenant of single family unit or two (2) family unit, Duplex.
- B.** A Dwelling Policy may be issued to provide insurance under:
1. Coverage "A" on a dwelling building:
 - a. Used solely for residential purposes, except that certain incidental occupancies with up to five (5) roomers or boarders are permitted.
 2. Coverage "B" – other structures:
 - a. Storage sheds within 100 feet of the covered dwelling are covered. This does not include workshops, barns or well pumps or any vehicle storage shed. Maximum coverage is 10% of Basic Dwelling Limit of Liability.
 3. Coverage "C"- personal property in:
 - a. A Dwelling, eligible under coverage "A"
 - b. Contents Only for residential purposes tenant or owner occupied.
 4. Coverage "E"- living expense benefit:
 - a. One percent (1%) of Dwelling eligible under coverage "A"

RULE 9 -- MULTIPLE LOCATIONS

A policy may be issued to provide insurance at more than one described location.

RULE 10 – LIMITS AND BINDING AUTHORITY
A. Limits

<u>Form</u>	<u>Coverage</u>	<u>Minimum Limit</u>	<u>Maximum Limit</u>
SNF Dwelling Form	A.	\$0	\$150,000
	B.		10% of Cov. "A"
	C.	\$4,000 without Cov."A"	50% of Cov. "A"
	E.		1% of Cov. "A"

B. Agent Binding Authority Limits

<u>Form</u>	<u>Coverage</u>	<u>Minimum Limit</u>	<u>Maximum Limit</u>
SNF Dwelling Form	A.	\$20,000	\$150,000
	B.		10% of Cov. "A"
	C.	\$4,000 without Cov."A"	50% of Cov. "A"
	E.		1% of Cov. "A"

C. Liability (Not automatic coverage, can be added by endorsement)

<u>Form</u>	<u>Coverage</u>	<u>Minimum Limit</u>	<u>Maximum Limit</u>
SNF Liability Endt.	D.	\$25,000	\$300,000

RULE 11 -- POLICY PERIOD

The policy shall be written for a period of one (1) year and may be extended for successive policy periods by extension certificate based upon the premiums, forms and endorsements then in effect for SNF.

All policies shall be issued for a one (1) year term at premiums applicable on the effective date of the policy term.

RULE 12 -- MID-TERM POLICY CHANGES

- A. It shall not be permissible to cancel any of the mandatory coverages in the policy unless the entire policy is cancelled.
- B. If insurance is increased, cancelled, or reduced, the additional or return premium shall be computed on a pro-rata basis, subject to the minimum premium requirement.

RULE 13 -- CANCELLATIONS

- A. If a policy or binder is cancelled by:

<u>Cancelling Party:</u>	<u>Calculation Method:</u>
1. The Company	Pro-rata basis
2. The insured, mortgagee	Pro-rata basis
3. The premium finance company	Pro-rata basis

Note 1 - A copy of each cancellation notice shall be furnished to the producer of record.

Note 2 - The Company shall return the unearned portion of any premium paid within thirty (30) working days of the effective date of cancellation.

- B. The Company shall cancel a policy or binder if the insured:

- 1. Is not or ceases to be eligible or in good faith entitled to insurance;
- 2. Has obtained the insurance through fraud or willful misrepresentation, or willfully or knowingly makes incorrect or misleading statements in the prescribed application form;
- 3. Has failed to pay any premium due under the policy;
- 4. Fails to report all information of a material nature;
- 5. Fails to provide information requested by the Company to develop the risk further or to complete an inspection;
- 6. Has financed its policy and the premium finance company acting pursuant to a power of attorney granted by the insured requests cancellation for non-payment of premium.

- C. The named insured shall be given notice of cancellation based upon the following provisions:

- 1. **POLICIES IN EFFECT SIXTY (60) DAYS OR LESS:**

- a. Thirty (30) day notice of cancellation if material misstatement, misrepresentation or failure to comply with underwriting requirements; (i.e. policy rescinded or voided).
- b. Thirty (30) days notice for any other reasons.
- c. Ten (10) days notice for nonpayment of premium.

2. POLICIES IN EFFECT OVER SIXTY (60) DAYS:

- a. Ten (10) days notice for non-payment of premium.
- b. Thirty (30) days notice due to underwriting considerations:
 1. Material misstatement or misrepresentation.
 2. Substantial change in risk.
 3. Failure to comply with underwriting requirements.
 4. Cancellation for all insureds within a given class, or
 5. If insured has failed to take reasonable steps to prevent recurrence of losses.
 6. Substantial breach by insured of contractual duties or conditions.

Note 1 - Disregard Feb 29 in leap years when determining pro-rata earned premiums.

Note 2 - The insurer shall give the named insured written notice of nonrenewal, cancellation, or termination at least thirty (30) days prior to the effective date of the nonrenewal pursuant to Louisiana RS 22:1335.

RULE 14 -- COMMISSIONS

The rate of commission payable to producers for all coverages shall be contractual. A producer shall not apply a service charge for any other service related to the policy. Commissions as outlined above shall be producer's only remuneration.

Note1 - No commissions shall be payable for the Louisiana Insurance Guaranty Association assessment, or any other mandated assessment, recoupment or surcharge.

Note 2 - In the event any policy premiums are CHARGED OFF, commission shall only be paid on collected earned premiums.

RULE 15 -- TRANSFER OR ASSIGNMENT

Transfer or assignments of this policy shall not be valid unless given written consent by SNF. In lieu of the death of the named insured written proof of title change must be provided within 60 days or the policy will be cancelled.

RULE 16 -- RESTRICTION OF INDIVIDUAL POLICIES

If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred directly to SNF.

Note: See roof exclusion endorsement form and renewal endorsement - roof conditions

RULE 17 -- MINIMUM WRITING PREMIUM AND WAIVER OF PREMIUM

- A. The minimum policy writing premium applicable to all policy forms shall be one hundred dollars (\$100).
- B. Additional or return premiums of five dollars (\$5) or less shall be waived at the option of the Company. SNF shall grant any return premium due if requested by the insured.
- C. If the policy is cancelled for any reason the \$100 inspection fee is retained by the Company.

RULE 18 -- ROUNDING OF PREMIUMS

The premium for each coverage type shown in the policy shall be rounded to the nearest whole dollar, with fifty cents (0.50) or more rounded to the next higher whole dollar. In no event will premiums for any coverage is less than one whole dollar (\$1). For all policy cancellations, round the total policy return premium to the next higher whole dollar.

RULE 19 -- CHANGES AND MID-TERM PREMIUM ADJUSTMENTS

All changes shall be made using the rules and rates in effect at the inception of the policy or latest subsequent renewal date thereafter. Changes can be made to the policy by endorsement request from the insured and agent. The effective date will be the date received or a future date. We cannot back date any policy or endorsement.

RULE 20 -- MANUAL PREMIUM REVISION

A manual premium revision shall be made in accordance with the following procedures.

- A. The effective date of such revision shall be as announced.
- B. The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C. Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect in force policy forms, endorsements or premiums, until the policy is renewed.

RULE 21 -- EFFECTIVE DATE AND IMPORTANT NOTICES

Rules and rates shall be effective on the dates shown on the manual pages, unless accompanying or subsequent Important Notices show otherwise and shall be part of this Manual until superseded by revised Manual pages or subsequent Important Notices.

RULE 22 -- SINGLE BUILDING DEFINITION

- A. All buildings or sections of buildings which are accessible through unprotected openings shall be considered as a single building.
- B. Buildings which are separated by space shall be considered separate buildings.

RULE 23 -- PROTECTION CLASSIFICATION CODES AND INFORMATION

The Public Protection Classifications established by the PIAL apply to risks insured under Dwelling Program policies. The dwelling must be located within the boundaries of a graded area; Municipality, Fire District, or Fire Protection Territory.

Distance to Fire Station	Protection Class
7 road miles or less	Actual Class
Over 7 road miles	10

RULE 24 -- CONSTRUCTION DEFINITIONS

- A. **Frame**
Exterior wall of wood or other combustible construction, including wood ironclad, stucco on wood or plaster on combustible supports, including aluminum or plaster siding over frame.
- B. **Masonry**
Exterior walls constructed of masonry materials such as adobe, brick, concrete gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (disregarding floors resting directly on the ground).

Note: Mixed (Masonry/Frame)-a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33-1/3% of the total exterior wall area; otherwise class and code as masonry.



RULE 25 -- BASE PREMIUM COMPUTATION

To compute the BASE PREMIUM, use the Key Premiums and Key Factors that are displayed in the state rate pages based on coverage form shown below.

For SNF Dwelling Policy Form (SNF-905C)

Develop separate BASE PREMIUMS on buildings and/or contents for Fire only, or Fire and Extended Coverage.

Coverage "A"- Dwelling

Coverage "C"- Personal Property

1. From the Key Premium Table, select the Key Premium for the classifications or coverages that apply to the risk.
2. From the Key Factor Table, determine the Key Factor for the desired limit of liability.
3. Multiply the Key Premium by the Key Factor and round to the nearest whole dollar to develop the BASE PREMIUM (\$0.50 or more rounded to the next higher whole dollar).

RULE 26 -- DEDUCTIBLES

All policies are subject to deductible that applies to all covered losses.

A. Standard Deductible

All other Perils Deductible = \$500 - apply factor shown in following chart.

B. Optional Deductible

Five Hundred is the base All Other Perils deductible. To compute the premium credit for higher deductibles, multiply the BASE PREMIUM by the applicable factor below.

Coverage	\$500	\$1,000	\$2,500	\$5,000	\$7,500	\$10,000
Fire	.03	.05	.12	.21	.30	.38
EC	.15	.30	.40	.47	.55	.63

C. Special Named Wind Event

1. Applicable to dwelling policy forms SNF Dwelling Form 1 loss caused by named wind events that occur during the period. The named wind event deductible will be equal to two percent (2%) or five percent (5%) of the limit of liability for all policies.
2. Beginning at the time a named wind event watch or warning is issued for any part of the state of Louisiana by the National Hurricane Center of the National Weather Service;
3. Continuing for the time period during which the named wind event conditions exist anywhere in the state; and
4. Ending twenty-four (24) hours following the termination of the last named wind event watch or warning for any part of the state of Louisiana by the National Hurricane Center of the National Weather Service.
5. The named wind event deductible applies to Coverages A and C.
6. Refer to the policy deductible shown on the Declarations page for the deductible that applies if the loss is caused by a windstorm that is not a named wind event.
7. The premiums for all policies shall include the discounts below to the EC base premium.

Owner Occupied		
Zone	2% Deductible (\$500 Minimum)	5% Deductible (\$500 Minimum)
A	.06	.14
B	.03	.08
C	.01	.02
Non-Owner Occupied		
Zone	2% Deductible (\$500 Minimum)	5% Deductible (\$500 Minimum)
A	.03	.07
B	.02	.04
C	.01	.02

Zone A Includes Territories 360 and 361

Zone B Includes Territories 010, 020, 030, 040, 060, 100, 120, 170, 171, 190, 200, 230, 240, 260, 270, 280, 290, 320, 380, 390, 440, 450, 460, 470, 480, 490, 500, 510, 520, 530, 550, 570, 590, 610, and 630

Zone C Includes Territories 050, 070, 080, 090, 091, 110, 130, 140, 150, 160, 180, 210, 220, 250, 300, 310, 330, 340, 350, 370, 400, 410, 420, 430, 540, 560, 580, 600, 620, and 640

RULE 27 -- WIND MITIGATION DISCOUNTS

The applicant or policyholder must have a Louisiana Hurricane Loss Mitigation Survey Form completed by a qualified professional that certifies all of the following:

- A. Complete Window & Opening Protection** – A 15% discount applies if a residence is equipped with opening protection that meets the following requirements:
1. All exterior openings including windows, doors, skylights, and vents are protected (roof ridge vents and soffit vents do not need to be protected) (Survey #5).
 2. Protection devices have passed the following cyclic loading and windborne debris impact tests – ASTM E 1886 and ASTM E 1996 (Missiles D or E) or Miami-Dade TAS 201 and TAS 203 (Survey #6).
 3. The devices are approved by and included in the State of Florida Product Approval System or the Miami-Dade Compliance Office Approval System (Survey #6).
 4. A licensed contractor with proper permits has installed the devices (Survey, Section III).
 5. A qualified professional has certified the existence of the protective devices (Survey, Section III).
- B. Hip Roof** – A 5% discount applies if the home is constructed with a hip roof covering the entire structure. A hip roof is one that slopes down to meet all walls (like a pyramid). This design has superior ability to withstand high winds and will result in premium credit. However, other factors can negate the value of this design. The discount is not applicable if the roof has skylights or overhangs that exceed 18" (Survey #7).
- C. Flat Tile Roof** – A 2% discount applies if the roof covering is flat tile (Survey #7, 8, 10).
- D. Building Code Discount** – A 10% discount applies when all of the following hurricane protection requirements of the Louisiana State Uniform Construction Code (LSUCC) have been included in the construction of the home.
1. The home was built to all LSUCC requirements (Survey #1).
 2. Secondary water resistance on all roof areas (Survey #4).
 3. Roof-deck attachment with 8d nails spaced every 12" minimum on intermediate panel supports and 6" minimum on panel edges (Survey #10).
 4. Roof-wall connected with double-wraps (Survey #11).
 5. Floor-to-foundation connections designed and installed in accordance to the SUCC (Survey #13).

Note: Evidence and supporting documentation for all wind mitigation discounts must be submitted to the Company and retained in the agent's file. These documents will be subject to review during an audit.

RULE 28 -- UNDERWRITING SURCHARGES

The following charges apply to properties that have exposures or hazards which are not contemplated by the BASE PREMIUM. The Company will review each risk and determine if additional premium is warranted. Each additional charge is calculated by multiplying the factor(s) times the BASE PREMIUM for the Fire and E.C.,

A. No prior Insurance/Declaration Page

All applicants who do not provide proof of prior insurance shall be subject to a 10% surcharge. This surcharge will also be applicable if there has been any lapse in coverage. This surcharge will remain in effect for one year from the policy effective date to which this surcharge applies. Any lapse, or short term coverage, during the compliance period will cause the mandatory period to begin anew. Proof of prior insurance shall be in the form of a copy of current or immediate past declaration page, cancellation notice, notice of non-renewal, or other acceptable documentation as determined by the Company.

Note: Not applicable to a new purchase. Submit copy of executed sales contract, closing Statement or lease agreement and a copy of the Appraisal.

RULE 29 -- THEFT

Theft has been added as a covered peril to the insurance policy with the following requirement:

Theft, meaning robbery or burglary with evidence of forced entry as documented by a police report.

The General Exclusion regarding **Theft** has been revised to read:

d. **Theft**, due to burglary, robbery, holdup, vandalism or malicious mischief committed by the Insured or a relative.

No additional premium will be charged to cover Theft.

RULE 30 -- INSPECTION FEE

The insured will be charged a \$100 non-refundable inspection fee on a bound and/or accepted policy. No portion of this fee is paid to the producer in the form of commission. Multi-location policies may be eligible for a discount.

RULE 31 – LIABILITY RATES & GUIDELINES**RATES:**

\$25,000 -----	\$55.00
\$50,000 -----	\$70.00
\$100,000 -----	\$85.00

These guidelines are intended to be general in nature and are not all inclusive. Every risk is unique and must be considered on its own merits. The final decision of acceptability rests with the Company Underwriter and Director.

RULES:

1. Liability Coverage may be added as an endorsement to a dwelling or contents policy.
2. A completed application for Liability Coverage must be submitted on all new risks for coverage.

UNDERWRITING RISKS TO BE AVOIDED:

1. The company is concerned about the increased liability exposure caused by swimming pools.

When a swimming pool is present at an insured location, we require the following:

- a. The pool should be enclosed by a fence which is locked when it is not in use.
 - b. No water slides or diving boards will be accepted.
 - c. Photos of the swimming pool are required.
2. Houses that are not well maintained should be avoided. We find the following items to be especially worrisome when considering a risk:
 - a. Loose boards on porches
 - b. Loose hand rails and/or missing hand rails
 - c. Poor housekeeping such as:
 1. Debris including old appliances, etc. left sitting around
 2. Trash and debris in yards
 3. Overgrowth of shrubs, trees or grass



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- d. Dwellings located on 5 or more acres of land
 - e. No business exposure on premises
 - f. Dwellings under construction, renovation or extensive remodeling.
 - g. Dwellings with secondary heating devices that burn wood, coal or kerosene
(Except when such devices have been installed by qualified contractors)
 - h. Existing and Unrepaired damage.
3. The company is concerned about the increased liability exposure caused by trampolines. Trampolines should be avoided. When a trampoline is present at an insured location, we require the following:
- a. Nets around the trampoline
 - b. The trampoline should be enclosed by a fence which is locked at the Location.
4. No Liability will be offered for Farmers, Pastures, Residence Employees or Business.
5. Dogs which would be described as vicious should be avoided. We consider dogs vicious when they meet one or more of the following:
- a. Dogs that chase people or cars
 - b. Dogs that bite or have bitten in the past
6. Exotic pets should be avoided. We consider exotic pets to include but not limited to:
- a. Lions, Tigers, etc.
 - b. Snakes, Spiders, etc.
 - c. Exotic Fish

*** All policies will be written with a Pool, Trampoline & Pet Exclusion. (Excluding all liability and claims for any pools, trampolines or pets and/or animals.)**

UNDERWRITING ITEMS OF IMPORTANCE

When evaluating the acceptability of a risk the Company Underwriter will be looking closely at the following:

1. MAINTENANCE OF DWELLING
 - a. Condition of:
 - i. Porches
 - ii. Handrails
 - iii. Steps
 - iv. Sidewalks & Driveways
2. HOUSEKEEPING
 - a. Junk and Debris on or around the premises
 - b. Physical Risk:
 - i. Yards
 - ii. Trees
 - iii. Shrubs, etc.
 - c. Pride of Ownership
 - i. General Appearance of Property
3. PRIOR CLAIMS
 - a. No Prior Liability Claims on Premises