

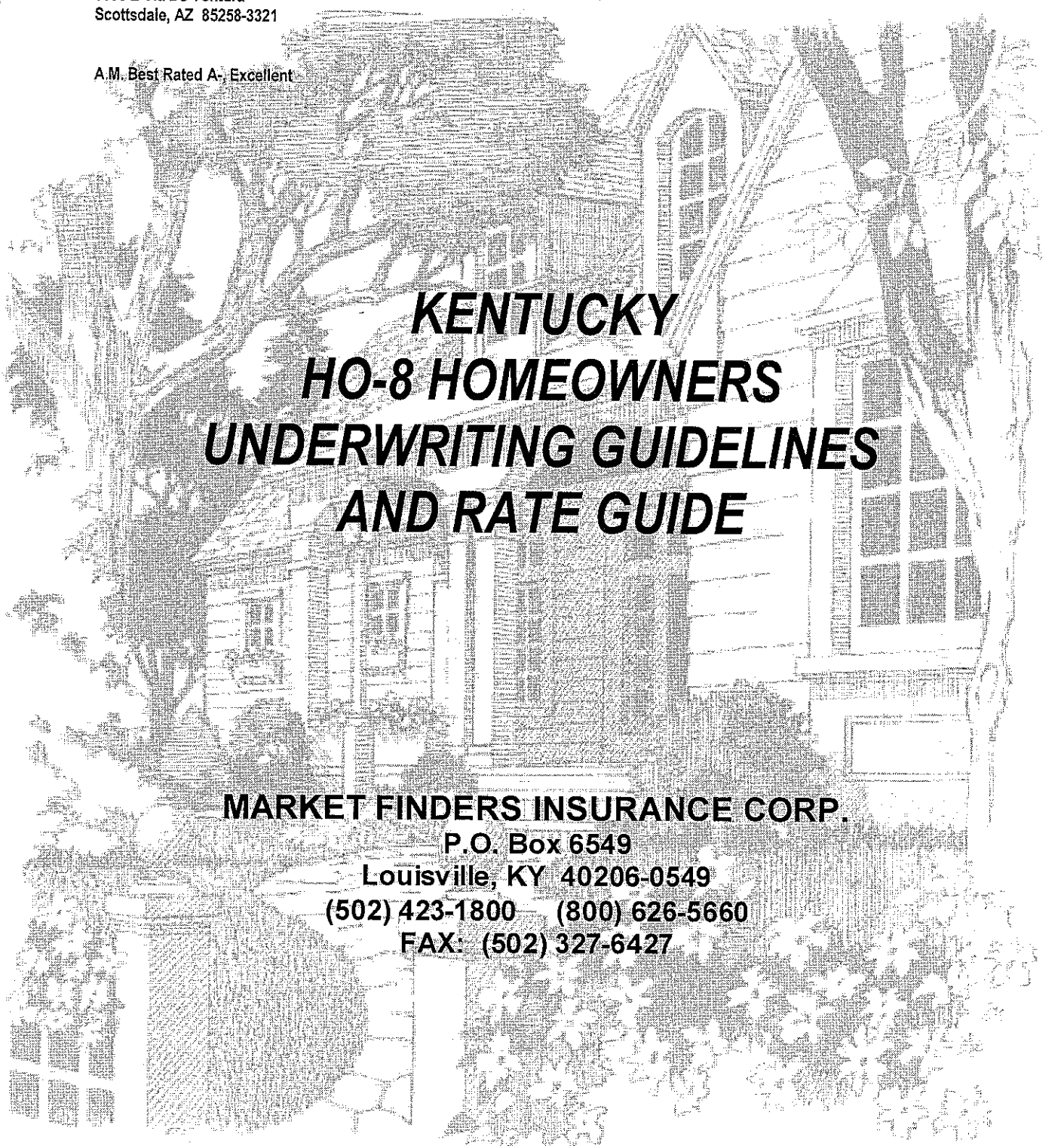
American Reliable
Insurance Company

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A.M. Best Rated A-, Excellent

NEW BUSINESS EFFECTIVE: 07/01/06

RENEWAL BUSINESS EFFECTIVE: 07/01/06



**KENTUCKY
HO-8 HOMEOWNERS
UNDERWRITING GUIDELINES
AND RATE GUIDE**

MARKET FINDERS INSURANCE CORP.

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This manual is provided for your use as one of many decision-making tools in the acceptability of a risk. Some situations may arise that are outside the scope of this manual. In those circumstances, you should obtain as many facts about the risk as possible and contact your General Agent to discuss acceptability. This manual is not all-inclusive. Please use it as a guideline for acceptability and call your General Agent with any questions you have or risks you are uncertain about

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DEFINITIONS

TERRITORIES:

Territory A: Remainder of State (Entire state except the counties in Territory B.)

Territory B: Counties of: Bell, Breathitt, Carter, Clay, Elliot, Estill, Floyd, Harlan, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Magoffin, Martin, Menifee, Morgan, Owsley, Pike, Perry, Powell, Rowan, Whitley & Wolfe

OCCUPANCY DEFINITION:

Owner Occupied: Dwelling owned by the named insured and occupied by the named insured on a permanent basis

PROTECTION CLASS:

The Protection Class listings in the ISO Public Protection Classification Manual will apply

The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8, 7, etc.)

In a classified area where 2 or more classifications are shown (e.g. 6/9), the classification is determined as follows:

<u>DISTANCE TO FIRE STATION</u>	<u>CLASS</u>
1 5 road miles or less with a hydrant or ISO approved water source within 1,000 feet *First protection class (e.g. 6/9 Use 6)	*
2 5 road miles or less with a hydrant or ISO approved water source beyond 1,000 feet	9
3 Over 5 road miles	10

All other properties are Protection Class 10

DWELLING CONSTRUCTION:

Frame: Exterior walls of wood or other combustible construction, including wood ironclad, stucco on wood or plaster on combustible supports. Any mixed construction that includes frame construction should be rated as Frame.

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.

Masonry Veneer: Exterior walls of combustible construction, veneered with brick or stone. **For rating purposes, Masonry Veneer should be rated as Frame.**

ELIGIBILITY AND COVERAGES

ELIGIBILITY	HO-8
Market	This homeowners market is designed for homes that are occupied on a permanent basis The home must meet the underwriting rules as outlined in the manual.
Policy Term	12 months
Minimum Value	30,000
Maximum Value	200,000
Occupancy	Owner Occupied
Number of Families	1 - 2 family
Protection Class	Protection Class 1-10
Loss Settlement	ACV
Condition of Home	Home must be of sound structure. The home may be in need of paint or minor repair
Wiring	Home must have at least 100 amp service No knob and tube wiring. 60 amp service is acceptable if a certificate from a licensed electrician stating the wiring is up to current code accompanies the application
Plumbing	Updates are not required
Heating	Updates are not required
Roof	Updates are not required If the roof is over 20 years old, it will be covered for fire & lightning only
Prior Losses	Submit if the applicant has had 2 or more property losses in the past 3 years or any single fire, theft or liability loss in the past 3 years
Previous Insurance	If the applicant has had a lapse in coverage longer than 30 days, the risk must be submitted unbound
COVERAGES	HO-8
Other Structures	10% is included
Personal Property	40% is included
Additional Living Expense	10% is included
Personal & Premises Liability	\$25,000 is included This coverage can be increased up to \$300,000
Medical Payments	\$500 is included Coverage may be purchased up to \$5,000
Replacement Cost Personal Property	Optional
Earthquake and Volcanic Eruption	Optional

GENERAL INFORMATION

1. **POLICY PERIOD:** The policy will be written for a period of one year
2. **BINDING AUTHORITY:** For coverage to begin as requested, the application must be mailed within 72 hours of the effective date of coverage. Otherwise, coverage is bound at 12:01 a.m. the day of the postmark. No coverage may be increased within 72 hours of the announcement of an impending disaster, i.e. hurricane, tropical storm, volcanic eruption, earthquake, flood, mudslide, brushfire, etc.

If an earthquake occurs generating a reading of 5.0 or greater on the Richter Scale, new business policies and increased coverage request on inforce business policies will be restricted on the day of the earthquake and for a 3 day period following the earthquake. Any aftershock readings of 5.0 or greater will be considered a new earthquake. The restrictions will apply for risks located within 150 miles of the epicenter.
3. **PAYMENT OPTIONS:** If the insured desires to pay their premium on an installment basis, American Reliable will allow either a 2-payment or 4-payment option to be selected. For the 2-payment option, a 50% down payment is required with the remaining balance due on Day 160. For the 4-payment option, a 25% down payment is required with the other payments due on Day 70, Day 160, and Day 250. Each installment will include a \$6 service charge.
4. **MINIMUM PREMIUMS:** A minimum written and earned premium of \$100 will apply for all policies.
5. **APPLICATION:** The application must be completed in full and signed.
6. **VALUATION:** Dwellings must be insured to ACV.
7. **WHOLE DOLLAR PREMIUM RULE:** Each coverage premium will be rounded to the nearest whole dollar. For this purpose, an amount of fifty (50) cents or more will be rounded to the next whole dollar.
8. **TRANSFER OR ASSIGNMENTS:** Transfer or assignments are not available. New applications are required.
9. **PREVIOUS INSURANCE:** Name of the previous insurance company and the policy number should be listed on all applications. If the applicant has had a lapse in coverage longer than 30 days, the risk must be submitted unbound.
10. **UNDERWRITING REPORTS:** Credit and C.L.U.E. Property reports will be run on all risks. The results of these reports may impact the acceptability of the risk.
11. **POLICY FEE:** A \$10 policy fee and \$25 inspection fee will be assessed on all new and renewal business.
12. **SPECIFIC BREED ANIMAL LIABILITY EXCLUSION:** The Specific Breed Animal Liability exclusion will be attached to all new business policies and subsequent renewals of those policies if Liability has been purchased. This exclusion does not limit Liability coverage for all animals but rather excludes Liability coverage for specific animals and/or breeds of dogs. We will not pay for bodily injury, property damage or any other loss or expense arising out of any occurrence involving any of the following types of animals and/or breeds of dogs or a mix of the following breeds with any other breed whether listed or not: Any animal with a previous bite history, snakes, monkeys or ostriches; Breeds of dogs include Akita, Anatolian Shepard, Chow, Doberman, Pit Bull, Rottweiler, Wolf or Wolf Hybrid.

HO-8 UNDERWRITING GUIDELINES

SUBMIT RISKS TO GENERAL AGENT – DO NOT BIND

1. Applicants that have had 2 or more property losses (paid or unpaid) in the past 36 months or any single fire, theft, or liability loss in the past 36 months. If yes, give date of loss, describe the loss and the amount paid to repair the damage
2. Applicants that have had a homeowners/dwelling policy cancelled or non-renewed for underwriting reasons (except age of home) during the past 36 months
3. Applicants that have filed for bankruptcy in the past 36 months
4. Applicants that have been 30 days past due on mortgage payments in the last 12 months
5. Applicants who are unemployed (Retirees with guaranteed income and disabled persons with a consistent income are considered employed)
6. Homes that have been uninsured for more than 30 days immediately prior to the requested effective date (Does not apply to a new purchase)
7. Homes with more than 2 unrelated owners.
8. Homes attached to, occupied as, or converted from a commercial risk
9. Homes that have an open foundation or are built on stilts, posts or piers. **Photos must be included.**
10. Homes within 1,500 feet of water (river or creek) or homes located on an island or in a Special Flood Hazard Area
11. Homes with multiple horses, livestock or farm animals on the premises
12. Any premises with 5 or more acres
13. Homes with farming activities conducted on the premises
14. Other Structures that exceed 30% of the value of the home
15. Personal Property that exceeds 50% of the value of the home
16. Homes with un-repaired damage or existing non-structural damage
17. Homes equipped with a supplemental heating device that was not installed by a licensed contractor **Photos and the Woodstove Inspection Report must be included.**

UNACCEPTABLE RISKS – DO NOT BIND, DO NOT SUBMIT

1. Applicants that have been convicted of arson or insurance fraud
2. Homes with no permanently installed water, electricity, and sewage utility services
3. Applicants who own, keep, or shelter any of the following breeds or mix of any of the following breeds: Akitas, Anatolian Shepherds, Chows, Dobermans, Pit Bulls, Rottweilers, Wolf or Wolf Hybrids, any mix of these breeds with any other breed whether listed or not, any animal with a previous bite history or any exotic (snakes, monkeys, etc.) animals
4. Homes with existing structural damage
5. Homes that are in foreclosure
6. Homes with more than 2 individual family units
7. Homes with liquid fuel-powered space heaters or existence of any heat reclaiming device
8. Homes that have knob and tube wiring or electrical with less than 100 amp service. 60 amp service is acceptable if a certificate from a licensed electrician stating the wiring is up to current code accompanies the application
9. Homes or other structures used to store flammables or explosive materials
10. Homes where the **primary** source of heat is a wood/coal/pellet burning device
11. Homes under construction or major renovation
12. Homes next to any burned out or abandoned building
13. Mobile homes, row homes, dome homes, log homes, straw built homes or condominiums
14. Homes with more than 2 lien holders. Two lien holders are acceptable if one is a financial institution
15. Homes titled in the name of a corporation.
16. Any premises with a swimming pool or jacuzzi that does not have a four-foot fence with a self-latching gate or a motorized pool cover (unless Swimming Pool Exclusion is attached)
17. Homes with childcare, homecare, lodging, auto repair, commercial operations or chemical processing conducted on the premises **All other business exposure must be submitted for prior approval.**
18. Homes with other structures or garages with a wood /coal/ pellet burning device

DISCOUNTS / SURCHARGES

DEDUCTIBLE DISCOUNT: (\$500 – deductible is included)

DEDUCTIBLE

\$1,000	-10%
\$2,500	-15%

PROTECTIVE DEVICES DISCOUNTS:

Active Central Station Fire Alarm System:	- 5%
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INSURED AGE 50 AND OLDER DISCOUNT: - 5%

A discount will apply if the insured is 50 years of age or older

SUPPLEMENTAL HEATING SURCHARGE: + 5%

A surcharge will apply to all homes equipped with a wood, coal or pellet stove or heater, or any other supplemental heating system.

This surcharge does not apply to a masonry fireplace

AGE OF HOME SURCHARGE:

A surcharge must be applied if the home is constructed prior to 1930	+25%
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AUTOMATIC INTERIOR SPRINKLER SYSTEM DISCOUNT:

A discount will apply if the home has an active Automatic Interior Sprinkler System	- 8%
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PREMIUM CALCULATION:

The discount percentages will be totaled and the surcharge percentages will be totaled. After both are totaled, the percentage difference between the totals will be applied to the Subtotal amount.

Example:

\$2,500 Deductible	-15%
DISCOUNT TOTAL:	- 15%
Supplemental Heating:	+ 5%
SURCHARGE TOTAL:	+ 5%
DISCOUNT - SURCHARGE	-10%

A 10% discount would be applied to the base premium.

