

FARMERS MUTUAL INSURANCE CO. OF NOBLE COUNTY

HOMEOWNERS/FARMOWNERS

UNDERWRITING GUIDELINES

APPLICATIONS

The application needs to be filled out completely. All questions are to be answered to the best of your ability. All outbuildings and appurtenant structures are to be listed in (comments section of vector) and the appropriate value assigned to each. If there are several items to be covered by the "Other Structures" coverage of the policy, each item must be identified and a value assigned to it. Refer to Agent's letter dated 7/01/06 for underwriting requirements for coverage under Coverage B. The Loss History section must be completed and will be verified by a C.L.U.E. report obtained by Lexis Nexus credit service. Both the applicant and agent must sign the application. **Unsigned applications are unacceptable and will be returned with no coverage bound. If agent accepts a premium check without signed application, then he is binding the coverage and will be responsible thru his E&O CARRIER TO PROVIDE COVEAGE** We also reserve the right to check credit on all applications through Lexis Nexus Services. All applications require a down payment of at least one quarter's premium.

PHOTOS

Dwelling-We require clear, color photos of the dwelling taken from opposite corners showing all 4 sides of the structure. Applications received without the required photos will not be processed nor will coverage be bound until photos are received. **We also require close up pictures of dwelling and outbuildings roofs, Close up defined: ¾ of picture should be roof only.**

Outbuildings-One (1) photo of each showing as much of the structure as possible. All buildings are subject to Company inspection. Photos are required of all structures, insurable and uninsurable, located on the property.

Photos are required when submitting a change to increase coverage on a structure due to improvements.

Photos are required of any supplementary fuel device that is located inside a structure

That we are insuring. The photos must show the burner device and the thimble.

REPLACEMENT COST ESTIMATOR

We require a square footage replacement cost guide such as a Swift, Marshall-Boeckh estimator accompanying all Dwelling Replacement Cost Policies. The estimator must be a current version, which should be printed somewhere on the estimator, we will no longer accept hand written estimators. Applications will not be processed without the correct estimator submitted. The MSB estimator is now located on the Vector rating system.

UNOCCUPIED PROPERTIES

Unoccupied property is defined as property that has utilities connected and furnishings still inside the dwelling. The intent is that the insured will return to live in the dwelling as some future time. If a home becomes unoccupied due to the death or illness of the insured during the policy term, we will continue to provide coverage for thirty (30) days. It is the agent's responsibility to notify the Home Office of any change in occupancy. If the property is to be continued as an insurable risk with the Company, it will be rewritten as a Standard Fire risk with a seasonal surcharge applied to the dwelling, outbuildings and personal property. A farm blanket will be treated likewise. There will also be a "vacancy endorsement" applied which limits coverage in the event of a loss. This is due to the fact that unoccupied properties present a greater risk for theft, fire and vandalism exposures.

VACANT PROPERTY

Vacant property is insurable with the Company. Vacant property is property that is empty of contents and does not show any evidence of being occupied now or in the near future. **These policies are written for a term of one year only.** Policy fee will be applied. 2500.00 Deductible

SEASONAL PROPERTY

A seasonal property, such as a lake cottage, Shall be written as a Standard fire policy with a Policy Fee for seasonal dwelling will be applied, even if we have the supporting primary residence insured as Homeowners.

DWELLING UNDER CONSTRUCTION

When a dwelling is under construction, it is not considered vacant or unoccupied. It is to be written as a Standard Fire risk with the endorsement for "Under Construction" applied with the appropriate surcharge applied. As soon as the dwelling is occupied, it is the agent's responsibility to submit a new application with new pictures showing the completed structure. A new replacement cost estimator is also required. At that time, the Standard Fire policy will be cancelled and a new policy issued under the New Homeowner program. Any refundable premium from the prior Standard Fire policy may be applied on the new Homeowner policy. A policy fee will be applied.

OCCUPANCY

All dwellings insured under a homeowner program must be owner-occupied. The occupant must have title to the property in one of the following ways: In their own names, under a legal contract of sale agreement or a legal life lease agreement.

In all cases, the occupant of the home must be the named insured and be able to establish a valid, insurable interest in the property. Lease-purchase agreements and rentals with option to purchase are not acceptable.

FIRE DEPARTMENT BENEFIT

All policies will have a Fire Department Benefit. The maximum benefit is \$500. There will be a service fee applied

SCHEDULED PROPERTY

The basic homeowner policy provides some coverage for items that are normally scheduled by an insured. The farmowner policy is different. Be sure to refer to the policy for those differences. The homeowner basic coverage's are as follows:

1. \$250 on money, bank notes, bullion, gold, other than goldware & goldplated ware, silver other than silverware and silver-plated ware.
2. \$1500 on securities, stamps, letters of credit, notes other than bank notes, personal records, tickets, accounts.
3. \$1500 on electronic devices, accessories, and antennas that can be operated from the electrical system of a "motorized vehicle or Watercraft.
4. \$1500 on Watercraft including their trailers, furnishings, equipment and engines or motors.
5. \$1500 on trailers not otherwise provided for.
6. \$2500 on jewelry, watches, gems and furs for loss by theft only
7. \$2500 for loss of silverware, goldware, pewterware and items plated with gold or silver for loss by theft only
8. \$2500 on guns for loss by theft only
9. \$2500 for loss of personal property used for business if on insured premises
10. \$250 for loss of personal property used for business if off insured premises.

Other items of value may be scheduled if so desired by the insured. Refer to the rate schedule for the proper rating. If a rate is not listed for an item, contact the Home Office for a rate. Any one piece of jewelry valued over \$2500 requires a recent appraisal.

FARMOWNER POLICIES-TWO DEDUCTIBLES

We will now offer the option of applying two deductibles on Farm policies only. An example would be to put a \$500 deductible on the house and \$1000 deductible on the out buildings and farm blanket. This option is not available on any other policy except the Farmowner or a Farm Standard Fire.

BACKUP OF SEWER AND DRAINS *

Coverage for \$5,000.00 or \$10,000.00 is available; this coverage is not available if property is located within a flood zone as determined by a Governmental Agency.

SUPPLEMENTAL HEAT SOURCES (WOOD BURNERS, ETC)

Wood burners are defined as (but not limited to) any heat producing unit which uses a solid fuel such as wood or coal. This includes fireplace inserts, free-standing stoves, furnaces and “add-on” units to a central heat system.

We require the agent to complete a supplemental heat source questionnaire and take pictures of each unit to accompany the application for insurance. The photos should show the unit itself and the stove pipe pass-through. This requirement includes corn burners and wood pellet stoves. **There is no surcharge for corn or wood pellet heat sources, however, the supplement and pictures are required.**

Barrel stoves, home made units, wood burners which share the same flu as another heating appliance and stoves vented into unlined chimneys are **not eligible and cannot be bound.**

Even when a wood burning unit is properly installed and maintained, it presents a greater fire hazard to the structure. For this reason, we will not issue a policy when a home contains a wood burner that does not meet our specifications (or the manufacturer’s guidelines if different from ours when a copy of their guidelines accompanies the questionnaire).

If the wood burner is acceptable, a surcharge will apply to the basic policy premium for each unit. See the rate schedule for the correct surcharge. Exclusions are at the discretion of the Company and must be discussed with the Manager. **Woodburner Premium is a fully earned premium.**

POLICY DISCOUNTS

The **maximum amount of discount** that an agent may apply to any homeowner or Farmowner policy is **10%**. The discounts must be documented as to which one or ones are being applied to the basic dwelling premium.

The maximum amount of discount that may be applied to a Class I Homeowner rate on a double-wide Manufactured home is 5%.

THEFT OF BUILDING MATERIALS

Structures that are under construction will be written in the Standard Fire program. The endorsement for Theft of Building Materials may be added to the policy to cover building materials that are stored in the open during construction. Refer to the rate schedule to determine the premium amount for this cover

NEW HOME PROGRAM

GUIDELINES

The home must be 20 years old or less in order to qualify for the program.

- A. Minimum coverage amount of primary dwelling is \$70,000.
- B. Replacement cost on structure is included in base premium. Replacement cost is capped at policy limit.
- C. Replacement cost on contents is a flat charge
- D. Dwelling **must** be insured to 100% of replacement value.
- E. No mobile homes, including double wides, are acceptable in this program.
- F. One weather related loss in the past 3 years is acceptable.
- G. **Modular homes (Wood Floor Joists)** are acceptable in this program. Contact the home office for clarification.
- H. Dwelling must be in excellent condition.
- I. **No exclusions**
- J. Replacement cost on dwelling is included in premium.
- K. May be written as ACV also.
- L. All foundations must be permanent, enclosed, continuous and in good repair

CLASS I HOMEOWNER PROGRAM

GUIDELINES

- A. Minimum coverage amount of primary dwelling is \$50,000.
- B. The dwelling may be insured on an A.C.V. or R.C.V. basis.
- C. Replacement cost on contents is available-a surcharge will be applied on base rate.
- D. Replacement cost on structure if it meets the requirements listed elsewhere in these guidelines. A surcharge will apply.
- E. If insured on R.C.V. basis, Must insure to 100% of cost estimator.
- F. Electrical service must be a minimum of 100 amp with circuit breakers and should be wired to code.
- G. Composition shingle roof must be in good repair with no missing shingles. Standing seam metal roofs must be in very good condition. Slate or tile roofs in very good condition are acceptable. Roofs in poor repair will be excluded from coverage until replaced.
- H. Dwelling must have a central heating system that has been inspected and serviced within the past 12 months. Wood burning furnaces will be subject to a surcharge.
- I. No limitation on age of dwelling as long as updates are documented and the condition of the structure is good.
- J. All foundations must be permanent, enclosed, continuous and in good repair
- K. Premise should be above average in housekeeping and "curb appeal".
- L. Two weather related loss in the past 3 years is acceptable.
- M. **No exclusions**

CLASS II HOMEOWNER PROGRAM GUIDELINES

- A. Dwelling must be structurally sound. Roofline should be straight with no sagging. No broken windows or rotted soffits. Missing shingles will have roof exclusion.
- B. The roof should be in good repair with shingles not showing signs of deterioration
- C. Central heating system is required.
- D. Fuse box type electric service is acceptable as long as proper fuse size for wiring and circuit load is used. This is subject to company inspection at our discretion.
- E. "Tube and Wire" type of wiring is unacceptable.
- F. Foundation must be in good repair, of a masonry type and continuous.
- G. Must be owner occupied and named insured must have an insurable interest in the property.
- H. Dwelling and contents will be on Actual Cash Value basis only.
- I. **No discounts available for this program.**
- J. Housekeeping should be good to average.
- K. Minimum value is \$40,000.
- L. Two weather related loss in the last 3 years is acceptable.
- M. Any policy with an exclusion attached will be surged 5% of base premium.
- N. All foundations must be permanent, continuous, enclosed and in good repair

STANDARD FIRE PROGRAM

- A. Dwellings are written for Actual Cash Value only.
- B. Minimum limit is \$35,000.
- C. Average maintenance and housekeeping.
- D. Electrical breaker box or proper size fuses for the wiring and circuit load
- E. Central Heating system is not required.
- F. Tenant-occupied dwellings with wood burners are acceptable with a surcharge
- U. Rental, Seasonal, Vacant, Under-construction, properties will be accessed a policy fee.
- H. Contents are written based on Actual Cash Value
- I. **No discounts available in this program.**
- J. Farm outbuildings may be written in this program.
- K. Minimum contents coverage is \$5000
- L. Minimum deductible available is \$500.
- M. Farm blanket and farm specific coverage available based on rate per \$1000 of coverage.
- N. This program provides Basic Form (Multiperil) coverage.
- O. One weather related loss in the last three years is acceptable.
- P. **Minimum Deductible on Vacant properties is \$2500.00**
- Q. Please be aware of our **Criminal Acts Exclusion Endorsement**, This endorsement must be Explained to your insured on all Standard fire policies, please have Insured sign and date, then return to home Office.
- R. Any policy with an exclusion attached will be surged 5% of base premium
- S. All foundations must be permanent, enclosed, continuous and in good repair

**GUIDELINES FOR REPLACEMENT COST ON DWELLINGS
OVER 20 YEARS OLD**

1. Dwelling must have a minimum of 1100 square feet of living area.
2. Electrical, plumbing, heating and roof must have been updated within the last 30 years. Documentation is required.
3. There must be central air conditioning installed.
4. Property must be neat and have excellent "Curb Appeal".
5. No non-weather related losses in the last 3 years.
6. Property must be insured to 100% of replacement cost and supported with a current Marshall/Boech Swift estimator.
7. The risk will be rated as a Class I Homeowner only.
8. Wood Burning Devices including wood, coal, corn or pellet burners are acceptable. This includes fireplace inserts, freestanding stoves and furnace add-ons. Fireplaces that have a gas log or are wood burning without an insert are acceptable.
9. All updates must be completed before this endorsement will be applied to the policy. Work in progress is not considered complete.
10. All mobile homes, including double-wide homes (manufactured, steel floor joist), are exempt from this program.
11. The company underwriter will have the final decision on acceptance of this endorsement request.

MANUFACTURED HOMES

DEFINITION

A double-wide home is defined as a mobile home that is built on a metal frame. It is usually delivered to the site on axles and wheels by truck. Those are removed prior to final setting of the mobile home. The hitch is also removed. There are also triple wides that are set and delivered in the same manner. They have a metal HUD tag attached to the outside of one of the sections in the lower outer corner. These are NOT modular homes.

RATING

1. **The structure must be on a permanent foundation. (Crawl Space, Basement)**
2. The structure is built on a **steel frame base**.
3. All new business must be no older than 25 years. Older models require prior approval by underwriting.
4. There will be no replacement cost on the structure.
5. It will be rated as a Class I Homeowner or Class 2 whichever one it qualifies as, a Surcharge will be applied.
6. Replacement Cost on contents only is available.
7. Maximum discount allowed on rating is 5%.
8. \$500 deductible is the minimum allowed.
9. Clear photos showing all sides of the structure is required. .
10. **No doublewide Trailers** (Homes that are bought in on wheels, wheels are taken off and home sits on axles and or cement pillars, the home has skirting around it) uninsurable with Farmers Mutual.
11. **It cannot be rated as a New Home Class, and it cannot be written with replacement cost on Dwelling.**
12. If you are not sure, you will need to personally inspect risk (if not rated properly, could affect the loss payout).

Modular Homes

1. Modular Home are bought in on wheels also, but the **floor joists are made of wood**,
2. Can be written as a New Home Class, Class 1, Class 2,
3. Replacement cost on Dwelling is available, (need cost estimator)
4. **Must be on permanent foundation (Crawl Space, Basement)**
5. No surcharge will be applied; these homes are considered conventional built homes.