



Commercial
Underwriting Guide
Website

December 2012



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Commercial Lines

Products

Lessors Risk:

- Mercantile Buildings
- Shopping Centers
- Office Buildings
- Light Industrial Buildings
- Business Parks
- Warehouses
- Office & Commercial Condominiums
- Apartments

Operations:

- Hotels/Motels
- Coffee Shops/Juice Bars

Other:

- Equipment Breakdown
- Liquor Liability (Motels)



CPP Program Guidelines and Eligibility

MERCANTILE BUILDINGS

ELIGIBILITY

- | | |
|--------------------------|--|
| Size: | ▶ up to \$10 million per location and \$5 million per building |
| Stories: | ▶ up to 3 stories, 4 stories if fully sprinklered |
| Age: | ▶ up to 35 years
▶ Older risks may be submitted if effective age is less than 35 years
▶ Note: Building update/remodel form required if 35 years or older. |
| Territory: | ▶ California only |
| Other | ▶ Liability limits up to \$6 million
▶ Equipment Breakdown coverage |
| Ineligible risks: | ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 3 stories (unless fully sprinklered)
▶ PC Classes 7-10 |

COVERAGE LIMITS

- | | |
|--------------------------|-------------------------------------|
| Property Limits: | ▶ up to \$10 million per location |
| Liability Limits: | ▶ up to \$ 6 million per occurrence |



GENERAL UNDERWRITING GUIDELINES - Mercantile

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner may be excluded.

2. Any building with mixed occupancy i.e.: commercial/habitational must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must be in good working order.

Mixed occupancy is rated using the CPP program rates for the occupancy. Occupancies less than 25% of the total may be rated using the rate for the primary occupancy.

3. Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
4. Buildings may not be used as seasonal facilities
5. Buildings may not be vacant



SHOPPING CENTERS

ELIGIBILITY

- | | |
|--------------------------|--|
| Size: | ▶ up to \$10 million per location and \$5 million per building |
| Stories: | ▶ up to 2 stories, 3 stories if fully sprinklered |
| Age: | ▶ up to 35 years
▶ Older risks may be submitted if <i>effective age</i> is less than 35 years
▶ Note: Building update/remodel form required if 35 years or older |
| Territory: | ▶ California only |
| Other: | ▶ Liability limits up to \$6 million
▶ Equipment breakdown coverage available |
| Ineligible risks: | ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 2 stories (unless fully sprinklered)
▶ PC Classes 7-10 |

COVERAGE LIMITS

- | | |
|-------------------|-------------------------------------|
| Property Limits: | ▶ up to \$10 million per location |
| Liability Limits: | ▶ up to \$ 6 million per occurrence |



GENERAL UNDERWRITING GUIDELINES – Shopping Center

- 1 Strip shopping centers or Open air shopping centers are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner may be excluded.

- 2 Any building with mixed occupancy i.e.: commercial/habitational must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must be in good working order.

Mixed occupancy is rated using the CPP program rates for the occupancy. Occupancies less than 25% of the total may be rated using the rate for the primary occupancy.

- 3 Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
- 4 Buildings may not be used as seasonal facilities
- 5 Buildings may not be vacant



OFFICE BUILDINGS

ELIGIBILITY

- | | |
|--------------------------|--|
| Size: | ▶ up to \$10 million per location and \$5 million per building |
| Stories: | ▶ up to 2 stories – 3 stories if sprinklered |
| Age: | ▶ up to 35 years
▶ Older risks may be submitted if <i>effective age</i> is less than 35 years
▶ Note: Building update/remodel form required if 35 years or older |
| Territory: | ▶ California only |
| Other: | ▶ Liability limits up to \$6 million
▶ Equipment breakdown coverage available |
| Ineligible risks: | ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 2 stories (unless fully sprinklered)
▶ PC Classes 7-10 |

COVERAGE LIMITS

- | | |
|--------------------------|-------------------------------------|
| Property Limits: | ▶ up to \$10 million per location |
| Liability Limits: | ▶ up to \$ 6 million per occurrence |



GENERAL UNDERWRITING GUIDELINES – Office Buildings

1. Proof of professional liability coverage is required on all owner/occupied risks where there is a professional exposure.
2. Office complexes furnishing a physical fitness facility that includes workout equipment such as barbells and free weights are ineligible. Facilities that include lifting/pulling equipment, treadmills, StairMasters, rowing machines, etc. are acceptable if there is an in-force maintenance agreement that requires the exercise equipment to be inspected quarterly.
3. The by-laws of condominiums should be furnished by the agent for the Underwriter, and should be kept in the Underwriting file.
4. The agent is responsible for issuance of certificates of insurance and furnishing the company with each copy.
5. Offices or Condominiums that share facilities with another entity are not acceptable.
6. Parking lots, hallways, stairways, pool areas etc. must be well lit and free of areas of significant darkness.
7. Multiple-story buildings equipped with railings with vertical rail openings must not to exceed 6 inches.



LIGHT INDUSTRIAL

ELIGIBILITY

- | | |
|--------------------------|---|
| Size: | ▶ up to \$10 million per location and \$5 million per building |
| Stories: | ▶ up to 2 stories |
| Age: | ▶ up to 35 years
▶ Older risks may be submitted if <i>effective age</i> is less than 35 years
▶ Note: Building update/remodel form required if 35 years or older. |
| Territory: | ▶ California only |
| Other: | ▶ Liability limits up to \$6 million
▶ Equipment breakdown coverage available |
| Ineligible risks: | ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 2 stories
▶ PC Classes 7-10 |

COVERAGE LIMITS

- | | |
|--------------------------|-------------------------------------|
| Property Limits: | ▶ up to \$10 million per location |
| Liability Limits: | ▶ up to \$ 6 million per occurrence |



GENERAL UNDERWRITING GUIDELINES – Light Industrial

1. Buildings rented or leased to others for occupancy of Light Industrial commercial use (not for habitation) are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner may be excluded.

2. Any building with mixed occupancy i.e. commercial/habitational must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must be in good working order.

Mixed occupancy is rated using the CPP program rates for the occupancy. Occupancies less than 25% of the total may be rated using the rate for the primary occupancy.

3. Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
4. Buildings may not be used as seasonal facilities
5. Buildings may not be vacant



BUSINESS PARKS

ELIGIBILITY

- | | |
|--------------------------|---|
| Size: | ▶ up to \$10 million per location and \$5 million per building |
| Stories: | ▶ up to 2 stories – 3 story if fully sprinklered |
| Age: | ▶ up to 35 years
▶ Older risks may be submitted if <i>effective age</i> is less than 35 years
▶ Note: Building update/remodel form required if 35 years or older. |
| Territory: | ▶ California only |
| Other: | ▶ Liability limits up to \$6 million
▶ Equipment breakdown coverage available |
| Ineligible risks: | ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 2 stories (unless fully sprinklered)
▶ PC Classes 7-10 |

COVERAGE LIMITS

- | | |
|--------------------------|-------------------------------------|
| Property Limits: | ▶ up to \$10 million per location |
| Liability Limits: | ▶ up to \$ 6 million per occurrence |



GENERAL UNDERWRITING GUIDELINES – Business Parks

1. Buildings rented or leased to others for occupancy of business parks (not for habitation) are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner may be excluded.

2. Any building with mixed occupancy i.e. commercial/habitational must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must be in good working order.

Mixed occupancy is rated using the CPP program rates for the occupancy. Occupancies less than 25% of the total may be rated using the rate for the primary occupancy.

3. Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
4. Buildings may not be used as seasonal facilities
5. Buildings may not be vacant



WAREHOUSES

ELIGIBILITY

Size:	▶ up to \$10 million per location and \$5 million per building
Stories:	▶ up to 2 stories
Age:	▶ up to 35 years ▶ Older risks may be submitted if <i>effective age</i> is less than 35 years ▶ Note: Building update/remodel form required if 35 years or older
Territory:	▶ California only
Other:	▶ Liability limits up to \$6 million ▶ Equipment breakdown coverage available
Ineligible risks:	▶ Buildings more the 25% vacant ▶ Buildings with wood shake roofs ▶ Buildings more than 2 stories ▶ PC Classes 7-10

COVERAGE LIMITS

Property Limits:	▶ up to \$10 million per location
Liability Limits:	▶ up to \$ 6 million per occurrence

GENERAL UNDERWRITING GUIDELINES – Warehouses

1. Buildings rented or leased to others for occupancy of warehouses (not for habitation) are eligible for this coverage.

Acceptable occupancies must conform to the line guide.

Building owners may occupy an insignificant portion of the risk and still be eligible for this coverage; however, the premises liability will be rated separately and the operations liability of the owner may be excluded.

2. Multiple-story buildings equipped with railings may not exceed openings of 6 inches.
3. Buildings may not be used as seasonal facilities



- 4. Buildings may not be vacant

OFFICE & COMMERCIAL CONDOMINIUMS

ELIGIBILITY

- Size:** ▶ up to \$10 million per location and \$5 million per building
- Stories:** ▶ up to 2 stories, 3 stories if fully sprinklered
- Age:**
 - ▶ up to 35 years
 - ▶ Older risks may be submitted if *effective age* is less than 35 years
 - ▶ Note: Building update/remodel form required if 35 years or older.
- Territory:** ▶ California only
- Other:**
 - ▶ Liability limits up to \$6 million
 - ▶ Equipment breakdown coverage available
- Ineligible risks:**
 - ▶ Buildings more the 25% vacant
 - ▶ Buildings with wood shake roofs
 - ▶ Buildings more than 2 stories (unless fully sprinklered)
 - ▶ PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** ▶ up to \$10 million per location
- Liability Limits:** ▶ up to \$ 6 million per occurrence



GENERAL UNDERWRITING GUIDELINES – Office & Commercial Condominiums

1. Proof of professional liability coverage is required on all owner/occupied risks where there is a professional exposure.
2. Office complexes furnishing a physical fitness facility that includes workout equipment such as barbells and free weights are ineligible. Facilities that include lifting/pulling equipment, treadmills, StairMasters, rowing machines, etc. are acceptable if there is an in-force maintenance agreement that requires the exercise equipment to be inspected at least quarterly.
3. The by-laws of condominiums should be furnished by the agent for the Underwriter, and should be kept in the Underwriting file.
4. The agent is responsible for issuance of certificates of insurance and furnishing the company with each copy.
5. Offices or Condominiums that share facilities with another entity are not acceptable.
6. Parking lots, hallways, stairways, pool areas etc. must be well lit and free of or significant darkness and trip and fall hazards.
7. Multiple-story buildings equipped with railings with vertical rail openings must not exceed 6 inches.



APARTMENTS

ELIGIBILITY

- Size:** ▶ up to \$10 million per location and \$4 million per building
- Stories:** ▶ up to 2 stories, 3 stories if fully sprinklered and railings no more than 4"
- Age:**
 - ▶ up to 35 years
 - ▶ Older risks may be submitted if *effective age* is less than 35 years
 - ▶ Note: Building update/remodel form required if 35 years or older.
- Territory:** ▶ California only
- Other:**
 - ▶ Liability limits up to \$4 million
 - ▶ Equipment breakdown coverage available
 - ▶ Minimum deductible \$2,500
 - ▶ Senior apartments – write property
- Ineligible risks:**
 - ▶ Buildings more the 25% vacant
 - ▶ Buildings with wood shake roofs
 - ▶ PC Classes 7-10
 - ▶ Public Housing, HUD housing or low to moderate income federally assisted housing and student housing more than 10%
 - ▶ Townhomes and condominiums
 - ▶ Risks employing security guards
 - ▶ Risks with day care facilities

COVERAGE LIMITS

- Property Limits:** ▶ up to \$10 million per location
- Liability Limits:** ▶ up to \$ 4 million per occurrence

PREFERRED PROGRAM ELIGIBILITY

- ▶ 90% or more occupancy
- ▶ Resident manager
- ▶ 20 years old or less
- ▶ No tuck type parking
- ▶ No losses in the last three (3) years – requires hard copy loss runs
- ▶ No more than 20 units per building
- ▶ Maintains a non smoking policy
- ▶ Well maintained property



Apartment, Residential Condominium

1. Any apartments or condominiums renting more than 10% of the total units on a daily or weekly basis must be rated as a Hotel/Motel.

2. Pools must be individually fenced around the perimeter of the pool and be at least five feet in height with self-latching / self-closing gates.

Pools may not be equipped with slides, diving boards or any other similar devices.

Pools must have anti-vortex drains.

Jacuzzi or spa not within same fenced area of the pool are required to be individually fenced and be at least five feet in height with self-latching and self-closing gates and are rated separately.

Jacuzzi or spa must be equipped with an emergency shut off switch.

Pool areas must be equipped with signage outlining reasonable safety regulations including a prohibition on alcoholic beverages.

Pool areas must be equipped with at least one life ring and pole for rescue purposes.

3. Playgrounds may not have any equipment which moves (merry-go-round, etc.) or which exceeds 6 feet in height.

Playground equipment must be well secured and have a soft surface underneath, i.e.: sand, mats, etc.

4. Shared facilities are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, etc.

5. Apartments/Condominiums must meet all life safety codes (NFPA 101) .

6. All units must be equipped with smoke detectors. If smoke detectors are battery operated, the manager must keep a log that verifies the smoke detector is operational.

7. Risks furnishing a physical fitness facility that includes workout equipment, such as barbells or free weights, must have an outside maintenance contract for equipment.

8. All unit doors must be equipped with deadbolt locks and peepholes.



9. Apartments or condominiums that have a lake, pond or river on the premises are ineligible for general liability coverage. Monoline property may be written on CPP form.
10. Residential care apartments may be written on a property only basis.
11. Carbon monoxide detectors are mandatory in all structures containing gas wall heaters. If the carbon monoxide detectors are battery operated, the manager must keep a log verifying the carbon monoxide detector is operational. Annual inspection of each wall heater is required.
12. Parking lots, hallways, stairways, pool areas etc. must be well lit and free of areas of significant darkness
13. Multiple-story buildings equipped with railings with vertical rail openings must not to exceed 6 inches. Three story buildings require railings at no more than 4".
14. Outdoor furniture must be of commercial quality (rated 300lbs or more)



HOTELS/MOTELS

ELIGIBILITY

- Size:** ▶ up to \$10 million per location and \$5 million per building
- Stories:** ▶ up to 2 stories, 3 stories if fully sprinklered
- Age:** ▶ up to 35 years
▶ Older risks may be submitted if *effective age* is 35 years or less
▶ Note: Building update/remodel form required if 35 years or older
- Territory:** ▶ California only
- Other:** ▶ Liability limits up to \$6 million
▶ Equipment breakdown coverage available
▶ Liquor Liability available
- Ineligible risks:** ▶ Buildings more the 25% vacant
▶ Buildings with wood shake roofs
▶ Buildings more than 3 stories (unless fully sprinklered)
▶ PC Classes 7-10

COVERAGE LIMITS

- Property Limits:** ▶ up to \$10 million per location
- Liability Limits:** ▶ up to \$ 6 million per occurrence

RATING CREDITS

- ▶ 25% - Franchise – state or national chains and/or 3 Diamond or better rating by an independent travel rating guide



GENERAL UNDERWRITING GUIDELINES - Hotel/Motel

1. Risk should be well maintained and geographically located in order to take advantage of the flow of better-than-average customers.
2. Risks which are in higher elevations must be submitted for review.
3. Restaurants that are operated by the insured are rated using the restaurant program.
Non-insured-operated restaurants may be written under mercantile program - LRO.
4. All restaurants must meet NFPA 96 - Ansul System requirements.
5. Pools must be individually fenced around the entire perimeter of the pool and be at least five feet in height with self-latching and self-closing gates. B&B's may have pools open to guest rooms, but must be secure from outside visitors.

Pools may not be equipped with slides, diving boards or any other similar devices.

Pools must have anti-vortex drains.

Pool areas must be equipped with signage outlining reasonable safety regulations including a prohibition on alcoholic beverages.

Jacuzzis or spas not within same fenced area of the pool are required to be individually fenced by a fence at least five feet in height with self-latching and self-closing gates and are rated separately.

6. Playgrounds may not have any equipment which moves (merry-go-rounds, etc.) or which exceed 6 feet in height.
7. Playground equipment must be well secured and have a soft surface underneath, i.e.: sand, mats, etc.
8. Risks furnishing a physical fitness facility that includes workout equipment such as barbells and free weights are ineligible. Facilities that include lifting/pulling equipment, treadmills, StairMasters, rowing machines, etc. are acceptable if there is an in-force maintenance agreement that requires the exercise equipment to be inspected at least quarterly.
9. Shared facilities with another entity are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, streets, etc.



10. All unit doors are required to be equipped with two sets of hardware providing better than average security to the occupant.
11. It is desired that all units be equipped with peepholes.
12. Parking lots, hallways, stairways, pool areas etc. must be well lit and free of areas of significant darkness and free of trip and fall hazards.
13. Telephones are required in every room (except B & B's).
14. All tubs should be equipped with non-slip surfaces or strips. Grab bars are desired.
15. Tub/shower water controls should be equipped with commonly understood controls to determine hot/cold operation.
16. All TVs, VCRs and DVD players must be bolted to the surface they are on, to prevent theft.
17. Carbon monoxide detectors are mandatory in all habitational structures containing gas wall heaters. If the carbon monoxide detectors are battery operated, the manager must keep a log verifying that the carbon monoxide detector is operational. Annual inspection of each wall heater is also required.
18. Multiple-story buildings equipped with railings with vertical rail openings must not to exceed 6 inches.
19. Outdoor furniture must be of commercial quality (rated 300lbs or more)



COFFEE SHOPS/ JUICE BARS

COVERAGES & LIMITS

Basic Coverages Include

- Building/Business Personal Property
 - Replacement Cost
 - Tenant Improvements
 - EDP (included in BPP limit)
- Loss of Income and Extra Expense – Actual loss up to 12 months
- Accounts Receivable - \$10,000
- Employee Dishonesty - \$25,000
- Liability – up to \$2 million per occurrence
 - Bodily Injury and Property Damage
 - Personal and Advertising Injury
 - Medical Payments
 - Fire Legal



EQUIPMENT BREAKDOWN

COVERAGES & LIMITS

Available on California Commercial Building Risks

- Equipment Breakdown
 - Mechanical failure
 - Electrical failure
 - Communication equipment
 - Computer equipment
 - Electrical Equipment
 - Heating and air conditioning equipment
 - Refrigeration Equipment
 - Direct Physical Loss
 - Business interruption and extra expense

- Property Limits equal to coverage limits



CPP PROGRAM - OPTIONAL COVERAGES
MISCELLANEOUS GENERAL LIABILITY, CRIME, INLAND MARINE AND
HIRED and NON-OWNED AUTO COVERAGES

Coverage Type

Additional Insureds	
Vacant Land (Must be rated if exposure exists)	
Liquor Liability* *LLL Rates: Hotels, Motels Restaurants, Taverns: \$3.20 Retail Sales (Off Premises Consumption): \$1.30	Minimum premium = \$750.00
Employee Dishonesty (with a \$500 deductible) Premium for Limit:	\$10,000 \$25,000 \$50,000
Money and Securities (Limits 1,000/1000 included for Motels)	
Accounts Receivable (Limits 5,000 included Motels)	
Valuable Papers (Limits 2,500 included Motels)	
(Detached) Signs & Satellite Dishes (Limits 5,000 included Motels)	
Transit Coverage	
Non-Owned Auto	
Hired Auto	
Forgery or Alteration Premium for Limit:	\$10,000 \$25,000 \$50,000



CPP PROGRAM - MISCELLANEOUS PROPERTY COVERAGES

Coverage Type

Fire Legal Liability \$50,000	
Agreed Amount- Requires signed statement of values	
Earthquake Sprinkler Leakage up to \$1,000,000	
Building Ordinance – Buildings 35 years and less	
Coverage A- Undamaged portion	
Coverage B - Demolition	
Coverage C - Increased Cost of Construction	
Inflation Guard	
Personal Properties Of Others	
Loss of Income Extended	
Period of Indemnity – up to 360 days	
Scheduled Glass	
Loss Of Refrigeration	
Property Coverage Endorsement	\$385.00 Annual Premium
See attached BECPP (0100) and MSSPEC (0100).	
Liability for Guest Property:	\$1,000.00 per guest / \$25,000.00 aggregate Basic Coverage



Supplemental Property Insurance Coverage-CPP

Summary of Coverage Limits

This is a schedule of the Limits of Insurance for the Coverages shown below. This schedule is to be made a part of form MSCE01 (0106).

Coverage	Limit	Deductible
Backup of Sewers or drains coverage	\$10,000	Building
Spoilage coverage	\$10,000	\$1,000
Customer property on you premises	\$5,000	None
Outdoor signs coverage	\$5,000	\$500
Money and Securities	\$5,000	\$500
Robbery and safe burglary coverage	\$5,000	\$500
Enhanced fire department service charge coverage	\$5,000	None
Increase property in transit coverage	\$5,000	\$1,000
Increased cost of construction coverage	\$150,000	Building
Personal effects and property of others Coverage	\$10,000	\$1,000
Valuable papers and records cost of Research coverage	\$25,000	\$500
Increased outdoor property coverage	\$10,000	\$500

BECPP 0106



Supplemental Property Insurance Coverage - BOP

Summary of Coverage Limits and Form Reference

This is a schedule of the Limits of Insurance for the Coverages shown below. This schedule is to be made a part of form MSBE01(0106).

Coverage	Limit	Deductible
Backup of Sewers or Drains coverage	\$10,000	Building
Spoilage Coverage	\$10,000	\$1,000
Customer Property on you Premises Coverage	\$5,000	None
Outdoor signs Coverage	\$5,000	\$500
Money and Securities	\$5,000	\$500
Robbery and Safe burglary Coverage	\$5,000	\$500
Enhanced fire department service Charge coverage	\$5,000	None
Increase property in transit coverage	\$5,000	\$1,000
Increased cost of construction coverage	\$150,000	Building
Personal effects and property of Others coverage	\$10,000	\$1,000
Valuable papers and records of research coverage	\$25,000	\$500
Increased Outdoor property coverage	\$10,000	\$500

BEBOP 0106



Building Ordinance Coverage

Ordinance or Law Coverage may be written on buildings with **effective** ages of 35 and newer.

1. **Coverage A** is for loss to the undamaged portion of the property. Coverage is included within the fire limit and must be in compliance with the 80% coinsurance. This is not additional coverage; it is an additional peril.
2. **Coverage B** is Demolition and is written in the amount selected by the Insured. It is in addition to Coverage A.
3. **Coverage C** is Increased Cost of Construction and is written in the amount selected by the Insured.
4. **Loss of Income (Increased Period of Restoration):** If ordinance or law requirements cause the period of restoration to be extended, this loss of income can be picked up on Form CP1531 (0402).

Use ISO Form CP0405 (0402) and CP1531 (0402).

Use ISO Form BP0446 (1102)

5. **Rating:**

Coverage A: 10% of Building Premium

Coverage B: Building Rate times the amount of coverage

Coverage C: Building Rate times the amount of coverage

Loss of Income: 20% of Loss of Income Coverage

Includes Period of Restoration



GENERAL UNDERWRITING CRITERIA

1. ISO Rating Rules and Forms shall be used in areas not specifically addressed in these guidelines.
2. Building & Contents should be insured at least **80%** to value for the coverage provided.
3. Minimum Premiums for property only coverage (no Liability Coverage) is **\$500.00**.
4. Minimum Premium for package policies is **\$350 (300,000 Liability)**, **\$500 (500,000 Liability)** and **\$750 (1,000,000 Liability)**.
5. All premium calculations shall be made by rounding the result to the nearest dollar amount.
6. Insurance to Value will be verified by using an industry recognized Cost Estimator.
7. One-year policies will be issued unless a different term is required for a specific purpose; i.e., matching the term of a companion policy.
8. Older buildings must have been maintained in good condition. A totally renovated building will carry the age of the renovation.

Total renovation should include the major building systems such as plumbing, electrical, heating, roofing, etc.
9. Properties insured by California Mutual should show above average maintenance and pride of ownership.
10. As well as can be discerned by the insured, agent and company underwriter, all properties should meet all current building code requirements.
11. Property must be within **Protection Classes 1-6**.
12. Buildings located in a brush area **MUST** be reviewed before being bound or issued.
13. Buildings in known landslide areas or areas with unstable soil conditions are not acceptable.
14. Those risks that have experienced losses in the past year may be declined or the deductible/coverages may be realigned to shape a more acceptable risk. Review of prior losses is required. The risk may be declined if exposures or loss history is unacceptable. A higher deductible may be offered to mitigate smaller losses.
15. Any risk that has been cancelled or non-renewed for non-payment of premium by prior carrier may not be considered for coverage unless mitigating circumstances are reviewed.



16. Any liability exposure requiring a Governmental Agency to be named as an insured, or as an additional insured, is not eligible for coverage.
17. Any liability exposure involving aircraft, to any extent, is not eligible for coverage.
18. Liability exposure requiring coverage for off-premises events, occurrences or operations of any type may not be eligible for coverage; i.e., company picnics, booths at trade events, parades, etc. Please review with the Underwriter before such events. If special circumstances exist that require property off premises coverage for more than an incidental period, coverage may be added to the coverage part.
19. Liquor liability is available on a limited basis. See liquor liability guidelines.
20. Director & Officers Liability is not available.
21. Non-Owned & Hired Auto Liability is available and may be written on all lines. If the insured has in place an Auto policy, Non-owned and Hired auto should not be written.
22. Blanket insurance is permitted for a location only. Values must be at 100% to be eligible.
23. "Agreed Amount" coverage is acceptable. Receipt of signed Statement of Values is required within 30 days of effective date or **30** days from addition of coverage. Valuation must be at 100%.
24. Building and Business Personal Property Coverages carry a **\$1,000** minimum deductible.
25. If a policy is reinstated more than once for non-payment, reinstatement or renewal will be not offered a payment plan. Full payment is due. Payment may be made by credit card.
26. Buildings with more than **25%** vacancy are ineligible for coverage.
27. Medical Payment Limit is **\$1,000**.
28. Maximum schedule credit/debit is **25%**.
29. Buildings exceeding three stories in height must be fully sprinklered. Buildings exceeding 4 stories may not be written.
30. Spread of risk is desirable. No **single** structure shall exceed \$5,000,000 in total insured value.
31. Buildings with **wood shake** roofs are ineligible for coverage.
32. Complying with ADA requirements is an indicator of good business practice. Risks which do not meet ADA requirements may not be eligible for coverage.
33. Buildings may not be used as seasonal facilities.



34. Shared facilities i.e.: swimming pools, parks, playgrounds, common areas, etc. are not eligible for coverage

35. Ineligible occupancies (25% or more) – LRO program

- Amusement Centers
- Attorneys
- Auto Filing Stations
- Auto Parking Garages
- Banks, Credit Unions
- Bars and Taverns
- Bowling Alleys
- Camps
- Carpet Stocks
- Car Washes
- Churches and Synagogues
- Civic and Fraternal Organizations
- Clubs and Halls
- Collection, Credit or Loan Services
- Contractors Offices
- Drive- Ins
- Feed mills
- Fraternity and Sorority Houses
- Fruit Packing Houses
- Government Agencies or Office
- Greenhouses
- Lodge Halls
- Lumber Yards
- Manufacturing Risks
- Nightclubs
- Newspaper Printing
- Packing Houses
- Political Candidate Office
- Pool Halls
- Restaurants
- Schools
- Unions
- YMCA, YWCA, etc
- Welfare Office
- Woodworkers (unsprinklered)

36. An agent may request a reduced commission. The amount of the reduction shall be shown as the Commission Contribution Factor and shall impact the policy premium. The Commission Contribution Factor is calculated as follows: Commission Contribution Factor = The reciprocal of the Full Commission (as a decimal) divided by the reciprocal of the reduced commission (as a decimal).

Example: Full Commission = 15% (reciprocal = .85); Reduced Commission = 5% (reciprocal = .90) Commission Contribution Facto = 0.944 (0.85/0.90)



37. Liability limits over \$2 million may be offered on Commercial Liability policies. Limits over \$2 million are purchased through the Facultative reinsurance market. Pricing is calculated as follows – Premium range \$813 (min) to \$1,250 per location.

Motels and Bed & Breakfast – Based on sales

Apartments – Based on number of units

Lessors Risks – Based on square footage