

Underwriting Guidelines

1. Insured must be financially sound & have been operating a profitable business for at least one (1) year at present location, or have had one (1) year's previous experience in the current type business. (Financial statement may be required).
2. Insurance-To-Value Guidelines:
 - a) **Replacement Value** - In order for standard Replacement Cost Provision to apply, Coverage A (Building) limit must equal at least 80% of the estimated Replacement Value, as determined by a current MS/B Express Square-Foot Business Valuation Cost Estimator. (Refer to NCIC website at ncins.com) (SF-27A)
 - b) **Alternative Replacement Cost** - Coverage A (Building) must be insured to 50% of Replacement Cost as determined by a current MS/B Express Square-Foot Business Valuation Cost Guide. (NC-SF-27)
 - c) **Alternative Replacement Cost** - Coverage A (Building) must be insured to 100% of Replacement Cost as determined by a current MS&B Express Square-Foot Business Valuation Cost Guide, (NC-RC-SF-27). The Replacement Cost provision is changed to 90%.
 - d) **Actual Cash Value** - If Coverage A limit does not meet the Replacement Cost Provisions outlined above, policy is considered an Actual Cash Value policy with standard 80% co-insurance. Coverage may be written with optional 90%, 100 % or flat co-insurance. Minimum Coverage A (Building) must be 50% of Replacement Cost, (NC-SF-27).
 - e) **Market Value/Replacement Cost Provision** - Coverage A (Building) must be insured to 30% of Replacement Cost as determined by a current MS&B Express Square-Foot Business Valuation Cost Guide, (SF-38 MV/RC NCIC). Total minimum replacement cost of structure must be \$250,000 to qualify. Losses will be settled on Replacement Cost basis up to the policy limit.
 - f) **Market Value** - Coverage A (Building) must be insured to 30% of Replacement Cost as determined by a current MS&B Express Square-Foot Business Valuation Cost Guide, (SF-38 MVP-NCIC). Total minimum replacement cost of structure must be \$250,000 to qualify. Losses will be settled on Actual Cash Value basis.
3. Buildings must meet the following minimum construction requirements:
 - Electric Service must be at least 100 AMP.
 - Must have central heat.
 - Property must meet Local & State codes/ordinances.
4. Physical condition of risk must be above average, with all risks subject to physical inspection.
5. Physical condition of entrances, parking lot & surrounding must be above average.
6. Earthquake Coverage: There is a 10-day waiting period before coverage becomes effective. Coverage must remain on the policy for 1 year.
7. Canine exclusion is mandatory on policy. (LS-373)
8. Lead Exclusion (LS-59) is mandatory if dwelling is constructed prior to 1980 or has 2 or more units.
9. Presence of fire protection program (fire extinguishers, fire alarm, smoke detectors or ansul system).

Ineligible Risks:

1. Risks with below average conditions (lack of maintenance, poor housekeeping, etc.)
2. Insureds with poor loss and/or credit history.
3. Property in foreclosure proceedings or litigation.

Ineligible Risks (cont.)

4. Vacant or unoccupied property or a non-operating business. (Without prior company approval)
5. Property for sale (Without prior company approval)
6. Property insured in the name of the mortgagee.
7. Property that is seasonally unoccupied. (Without prior company approval)
8. Risks previously canceled, declined or non-renewed by the company. (Without prior company approval)
9. Buildings insured must be at least 20 feet from any other structure. (without prior company approval)
10. Property within 1 mile of ocean, ocean bay or ocean sound.
11. No Coverage on buildings with flat, cedar, slate or rolled roofs. (without prior company approval)
12. Premises with any dog of traditionally dangerous breeds such as Pitbulls, German Shepherds, Dobermans, Rottweilers, Akitas, Chows and any other dog deemed aggressive.
13. Applicant has horses which are used for riding by other than the insured.
14. Property with fuel storage tank on premises, except fuel storage tanks used for present heating system.(Maximum tank capacity – 500 gallons or less)
15. Property with underground or unprotected fuel storage tanks.
16. Property that has unfenced in-ground swimming pools or diving boards.
17. Premises with trampolines.
18. Daycare or nurseries whether incidental or not.
19. Any building that is over two stories high (not counting basement), without prior company approval.

Ineligible Classes:

1. Bowling alleys and skating rinks.
2. Boarding, rooming, fraternity or sorority houses.
3. Fireworks manufacturing or distributor including but not limited to gun powder, dynamite, and ammunition.
4. Junkyards, scrap yards, auto wrecking yards.
5. Sawmills.
6. Amusement resorts and parks.
7. Automobile repair shops. (including but not limited to service stations and body repair shops)
8. Automobile filling or service stations.
9. Automobile, motor home, mobile home and motor cycle dealers.
10. Health clubs and tanning parlors.
11. Marinas with or without repair service.
12. Restaurants with less than 70% of business from food.
13. Small engine repair service. (without prior company approval)
14. Bars, taverns, nightclubs.
15. Electric generating plants.
16. Grain elevators, grain tanks and grain warehouses.
17. Parking lots or garages.

Ineligible Classes (con't):

18. Gas, fuel and petroleum, dealers.
19. Operations engaged in Manufacturing or processing.
20. Dealers in second hand goods, salvage stocks, pawnbrokers or auctions.
21. Any risk that is predominantly bailee.
22. Storage or sorting of cardboard, paper or rags.
23. Any other classification that the company may consider unsatisfactory in the future.

Ineligible Endorsement Conditions:

Earthquake Coverage (SF-398)

- Before ten day waiting period has become effective.
- If coverage is written, it must remain on the policy for one year.

Beauty or Barber Shop Liability (LS-44)

- Beauty or barber school operations.
- Skin peel procedures.
- Previous professional liability claims have been filed against or reported to the applicant or employees.

Burglary and Robbery Coverage (SF-55 & SF-58A)

- No central station burglar alarm.

Clergyperson Professional Legal Liability (LS-45)

- Coverage ineligible for all limits.

Druggist Liability (LS-47)

- Products sold under applicant's own label.
- Receipts from equipment rented to others exceeds 10% of total sales.
- Sell, rent, lease or service of oxygen or oxygen equipment.
- Previous professional liability claims have been filed against or reported to the applicant or employees.

Employer's Non-ownership Automobile Coverage (LS-50)

- Any operations including, but not limited to, pizza shops, restaurants, delicatessens, when off-premises delivery is offered.
- Any business which requires regular use of employees' personal automobiles in their work responsibilities. (i.e. salesmen, service personnel, magazine or newspaper delivery, manufacturer's representatives, etc.)

Lead Coverage (FL-17) Temporary

- Buildings constructed prior to 1980 without proof of remediation (lead abatement certificate).

Mortician or Cemetery Coverage (LS-46)

- Crematoriums.
- Chemicals not stored, handled and/or disposed of properly.
- Previous professional liability claims have been filed against or reported to the applicant or employees.

Personal Injury

- Political office holders.
- Clergy.
- Newspaper publishers or reporters.

Ineligible Endorsement Conditions (con't):

Sudden and Accidental Pollution Endorsement (LS-69)

- All classes ineligible for coverage .

Optional Coverages:

Refer to the Class rates and General Liability Manual for optional coverages available. All optional coverages must be requested in detail on the application to be applied.

Debit/Credit Table

Refer to the Class Rates Manual for credit/debits available. All debits/credits used must be explained in detail on the application to be applied

Binding Authority

Solid Risk	Property	Liability
All Eligible Classes	\$500,000	\$1,000,000

NOTE: All Risks bound must meet underwriting eligibility requirements for the specific program. Solid Risk is defined as an individual building and its contents, including time element coverages.

The Agent shall have no authority to bind the Company on windstorm, extended or physical damage coverage at any time during which the National Weather Service has issued, posted or placed into effect a tropical storm, hurricane or tornado advisory, watch or warning for the area in which the property for which such coverage is sought, is situated, located or owned.

To bind limits in excess of stated authority limits or to bind limits on a classification not listed above, a specific request must be made and approved by the Company.

Binders cannot be issued for more than 30 days. The Company must be sent a copy of binder immediately upon the issuance of binder.

No agent may bind any risk that has been previously canceled or non-renewed by the Company. In the event the Company declines or terminates coverage by direct notice or any other legal means, the Agent may not re-bind that declined or terminated coverage without specific written authorization from the Company.

Submission Requirements

1. NCIC Commercial Lines Application or Commercial Acord application must be fully completed, signed by named insured & submitted to company within ten (10) working days from date coverage is bound. Company must be notified of binding immediately.
2. At least two (2) photos of all Insured buildings (front & rear) must accompany completed application. If there are other structures on the premises not to be insured, please submit one (1) photo of each structure.
3. Business property (Contents) coverage B limit reaches \$50,000, at least one (1) photo of risk where contents are located must accompany application.
4. Current MS&B BVC Square Foot Residential Replacement Cost Estimator must accompany application.
5. Minimum Deposit of 10% is required.