

# All States



## Landlord 10+ Dwelling

Program Manual: TC-10-UW (06/17)

Edition Date: 06-01-2017

*American Modern Home Insurance Company (077)*

*American Modern Insurance Company (077)*

*American Western Home Insurance Company (078)*

*American Modern Lloyds Insurance Company (081)*

### Underwriting Guidelines

(this manual supercedes all other editions)



# TABLE OF CONTENTS

SECTION	PAGE(S)
<b><u>UNDERWRITING GUIDELINES</u></b>	
Overview .....	1
Landlord 10+ Target Market .....	1
Characteristics of High Quality Accounts .....	1
Eligible Classes .....	2
Ineligible Classes .....	2
Vacant Risks .....	2
Acceptable Risks .....	3
Agent of Record Procedures .....	3
Loss Control & Photos .....	3-4
Account Stability Requirements .....	4
Years in Business .....	4
Financial Analysis .....	4
Prior Cancellation/Lapsed Coverage .....	4
Account Procedures .....	4
Submission Criteria .....	4
Applications .....	4-5
Policy Terms .....	5
Policy Change Requests .....	5
Master Policies/Association Policies .....	5
<b><u>COMMERCIAL PROPERTY</u></b>	
Coverages .....	6
Ineligible Property Risks .....	6
Property Policy Forms .....	7
Rates .....	7
Property Deductible Options .....	7
Optional Coverages .....	7-8
Business Income/Rental Value .....	7-8
Discharge from Sewer, Drain or Sump (not flood related) .....	8
Inflation Guard .....	8
Identity Recovery .....	8
Service Line .....	8
Monthly Reporting Form .....	8-9
Underwriting Tools .....	9
Insurance to Value .....	9
Risk Evaluation Reports .....	10
Territory Limitations .....	10
Temporary Suspensions of Writing .....	10
Terrorism .....	10
Cause Of Loss Chart .....	11
<b><u>COMMERCIAL GENERAL LIABILITY</u></b>	
Coverages .....	12
Ineligible Risks .....	12
Policy Forms .....	12
Limits of Liability .....	13
Rates .....	13
Deductibles .....	13
Named Insureds .....	13
Additional Insureds .....	13
Terrorism .....	13
<b><u>FAQ's</u></b> .....	14
<b><u>SEACOAST RESTRICTIONS</u></b> .....	15
<b><u>BILLING OPTIONS</u></b> .....	16
<b><u>HOW TO REACH US</u></b> .....	17

# LANDLORD 10+ DWELLING PROGRAM

## OVERVIEW

American Modern's goal is to selectively offer specialty products on a national basis to narrowly defined markets. Our Landlord 10+ Dwelling Program is designed to meet the needs of the property owner who has 10 or more rental dwellings and/or condominium units.

The following guidelines are designed to provide information regarding our account eligibility and underwriting standards. Any condition or circumstance requiring company approval must be addressed prior to quoting coverage.

## AMERICAN MODERN LANDLORD 10+ TARGET MARKET

The agency and company goals are to provide quality insurance to property investors. The following is a road map for marketing to the profitable account, and at the same time will assist the company in providing a superior customer experience.

### **GOALS OF BOTH COMPANY AND AGENTS OF A QUALITY SUBMISSION:**

- ◆ Account has 10 or more locations owned and managed by an experienced property investor
- ◆ Fully completed American Modern Landlord 10+ Application or Commercial ACORD Application plus the Landlord 10+ Dwelling Liability Supplemental Application
- ◆ Building values substantiated by a reliable source for proper valuation – MSB or other source
- ◆ Photos are preferred at the time of submission and required within 30 days of binding the policy
- ◆ Existing policy details including the “target” premium and loss history for all new business quotes
- ◆ Description of interests for all Additional Insureds/Loss Payees

### **CHARACTERISTICS OF HIGH QUALITY ACCOUNTS:**

#### **Ownership Attributes**

- ◆ Builds or purchases properties with the intent of renting long term and deriving a sustained income
- ◆ This program is not intended for property investors who purchase and remove locations at an accelerated rate (i.e. flippers)
- ◆ No more than 50% Vacancy rate at any time during the policy period for the entire portfolio
- ◆ Favorable historical loss history
- ◆ Institutes and maintains responsible rental practices
  - Use of Standard Lease Agreements
  - Utilizes credit checks for every prospective tenant to determine acceptability
  - Requires tenants to carry property and liability insurance
  - Conducts regular property inspections and proactively maintains properties
- ◆ Employs full-time maintenance employees
- ◆ Establishes regular preventative maintenance such as:
  - Annual HVAC inspection
  - Contracted snow removal, lawn care and access area maintenance
- ◆ Experiences below average tenant turnover
- ◆ Evidence of risk management in response to losses
  - Use of risk retention by using higher deductibles
  - Proactive property maintenance after a loss to minimize further damage to people and property

#### **Location Attributes**

- ◆ Adjacent properties are well maintained and occupied
- ◆ Local crime and vandalism is minimal, well below national averages
- ◆ Neighborhood Watch in effect

#### **Property Attributes**

- ◆ Buildings are newer and/or have had recent updates
- ◆ No Evidence of Unrepaired Damage
- ◆ Yard/Landscaping shows pride of ownership

## ELIGIBLE CLASSES

**Dwellings**, one, two, three, four, five or six family dwellings that are:

- Rental – Owned by the insured and rented to others for residential purposes
- Vacant – Dwellings that are vacant due to minor or cosmetic renovations/remodeling, between tenancy, or real estate closings or dwellings held for sale and on the market for less than 12 months
- Seasonal – Rental and non owner occupied on an intermittent or non-continuous basis

### **Vacant Land**

- Without any real estate development, hunting exposures or open water hazards
- Vacant land consisting of more than five (5) acres refer to company

**Dwellings with Mercantile/Office occupancies** with limited Parking exposures that are:

- Primarily residential
- No commercial cooking exposures
- Parking limited to 1,000 sq feet or eight (8) spaces

**Condominium Units** that are held for sale or rental

- \$1,000,000 total maximum limit per any one location
- Condominium Associations are not eligible

**Manufactured/Mobile Homes** that are held for sale or rental

- Must have at least 10 dwellings/condominium units
- Incidental to the total dwelling/condominium units exposures
- Not located in a manufactured/mobile home park
- Basic coverage
- Less than 20% of the total policy limits

**Row Homes/Town Homes** must:

- Have firewalls separating each unit
- Contain 8 units or less in a row
- Have updates to wiring/heating/plumbing if over 60 years of age
- Have updated roof within the last 20 years

## INELIGIBLE CLASSES

The following classes are ineligible and should not be written in the program:

- Hotels/Motels
- Group Housing Facilities
- Fraternity, Sorority or Student Housing
- Assisted Living Facilities
- Restaurants
- Bars/Taverns
- Real Estate Development Property
- Apartment Buildings over 6 units
- Condominium Associations
- Farmowners/Ranchowners
- Commercial Farming
- Vacant more than 12 months and/or under structural changes or major renovations

## VACANT RISKS

- Vacant less than 12 months
- Vacant homes must have heat maintained in winter months and air conditioning during summer months.
- Vacant homes must be monitored on a bi-weekly bases
- Vacant homes must have all doors and windows properly secured
- Vacant land without any hunting exposures
- Vacant land without any open water hazards
- Vacant land without any development
- Vacant land consisting of more than five (5) acres, refer to company

## ACCEPTABLE RISKS

The following are minimum program eligibility criteria.

- Dwellings/buildings/condominium units with Flat Roofs for Basic Form Perils Only
- Dwelling/condominium units are structurally sound
- No visible sagging porches or rooflines
- Premises are well maintained
- Proper housekeeping practices
- Working smoke detectors with replacement plan in force for batteries
- Steps with properly installed handrails
- Regular inspections of heating, wiring and plumbing by qualified professional.
- Primary use of dwelling must be residential
- Parking lots less than 1,000 sq. feet or eight (8) spaces

## AGENT OF RECORD PROCEDURES

### AGENT OF RECORD PROCEDURES

The insured, not the company nor agent, controls the placement of their coverage.

It is generally disruptive to all parties for any of our agents to solicit an existing American Modern account and we strongly discourage that practice. However, if the insured decides to change agents, then we will follow very specific guidelines as outlined as follows:

#### New Business

- No agent will be recognized more than 90 days prior to the expiration/effective date of the account.
- Agent of Record status is valid up to 30 days after the expiration date.
- If an Agent of Record letter is received on an account we quoted (quotes valid for 30 days), the incumbent agent has 24 hours to obtain and submit a superseding Agent of Record letter.
- To be recognized as “first-in” on an account, a fully completed application must have been received by American Modern.
- Upon receipt of a written request to bind and acceptance by an American Modern Underwriter an Agent of Record from another agent will not be accepted and now falls under the Mid-Term Requests procedure.

#### Pricing

We will not permit any change in pricing structure as a result of change in agents. This does not preclude changes in coverages, conditions, deductibles, etc. which may result in a different price.

#### Mid-Term Requests

We will not recognize an Agent of Record request to change agents during the policy term. If the insured desires the change mid-term, they should return the in-force policy or send a signed loss policy release to the incumbent agent. Upon confirmation of cancellation, the new agent would submit new, fully completed, signed applications, along with the Agent of Record letter.

#### Procedures For Renewal Business

Upon receipt of an Agent of Record letter written on the insured’s stationary and signed by the first named insured (executive officer, if a corporation), we will initiate the following steps if received prior to the Renewal date. If received after the Renewal date the request is considered a Mid-Term Request:

1. The incumbent agent will be notified in writing stating we received an agent of record letter.
2. Incumbent agent has 10 days to obtain a superseding letter.
3. During the 10 day waiting period, no matters pertaining to the account will be discussed with the new agent.
4. If the incumbent is successful in superseding the letter, then the new agent is so notified

– OR –

5. If the incumbent fails to retain the account, the new agent must submit fully completed, signed applications outlining the coverages, limits, etc. that the insured and new agent have agreed upon.

## LOSS CONTROL AND PHOTOS

### LOSS CONTROL AND/OR PHOTOS

Loss control reports remain the single best means of corroborating the underwriting information secured from other sources. For example, a physical inspection will help verify the accuracy of building classification, protection information, risk size value and exposures. Additionally, loss control reports will help the underwriter better understand the client’s operations and hazards. Therefore, loss control reports are a critical element in selecting and managing property risks.

Inspections may be ordered at the discretion of the underwriter. Full cooperation of the insured is expected with regard to

compliance with any loss control recommendations that may derive from the physical inspection, claims adjuster recommendations, etc.

Upon receipt of the inspection report, the underwriter will review the report and compare the findings with the material presented in the submission. If the report is satisfactory but contains recommendations, the underwriter will forward these recommendations to the agent and diary the file for receipt of recommendation compliance. Should the risk fail to respond within requested time frame, the underwriter, at their discretion, will determine if continuation of coverage is warranted and take whatever steps are necessary. Should recommendation compliance fail after this attempt, the underwriter is required to determine if continuation of coverage is warranted and take whatever steps are necessary. These steps may include price adjustment, non-renewal or mid-term cancellation of the risk. Underwriters have the authority to waive ordering an inspection if the aspects of the risk do not warrant a report in the underwriter's best judgment.

An inspection fee may be charged to the insured per the company filing.

## **PHOTOS**

- Photos will be required at the discretion of the underwriter.

## ACCOUNT STABILITY REQUIREMENTS

### **Years in Business**

New Venture applicants, defined as a business in operation less than three (3) years are acceptable risks only upon verification of experience by owner certifying a minimum of five (5) years of operational experience in the same industry.

### **Financial Analysis**

A quotation for coverage will not be offered to an account that has experienced bankruptcy in the last seven years. Further, any account facing or experiencing financial difficulty that may encumber the long-term operational abilities will also be declined.

### **Prior Cancellation/Lapsed Coverage**

Any account that was cancelled, non-renewed or had lapsed coverage for underwriting or premium payment reasons during the three years prior to the proposed policy inception is ineligible. However, terminations due to carrier withdrawal from the line of business or state are exceptions. These exceptions must be substantiated and documented.

## ACCOUNT PROCEDURES

### **SUBMISSION CRITERIA**

All requests for quote or new policy issuance must be accompanied by a fully completed application including a minimum of three (3) year loss experience.

Company loss runs will be required if the account generates \$25,000 or more in premium. Any account with a three (3) year loss ratio of 50% or higher must be submitted for an underwriters' review.

Acceptable and preferred applications include, Landlord 10+ Scheduled Dwelling application. Other acceptable applications include current ACORD applications and our Landlord 10+ Dwelling Liability Supplemental application. We will not consider any request for coverage with an effective date prior to the date it is received by the Company.

An application signed by the insured is to be obtained within 15 days of requesting issue.

### **Applications:**

**Please choose the correct application based on the exposure location.**

### **All states:**

- C10+-APP-DW (01/17) Landlord 10+ Scheduled Dwelling**
- DW-SUPP (01/17) Dwelling Liability Supplemental Application**
- FRWR-APP-COMM (09/15) Fraud Warning Notices**
- C10+-PCR (01/17) Policy Change Request**
- C10+-RNC (01/17) Renewal Checklist**

### **ACORD Applications and Certificate of Insurance**

**Under no circumstance can certificates of insurance be modified. It is the agent's responsibility to purchase, issue and use the ACORD forms**

**ACORD 24 (03/16) Certificate of Property Insurance**  
**ACORD 25 (03/16) Certificate of Liability Insurance**  
**ACORD 125 (03/16) Commercial Insurance Application**  
**ACORD 126 (09/16) Commercial General Liability Section**  
**ACORD 140 (03/16) Commercial Property Section**  
**ACORD 141 (03/16) Crime Section**  
**ACORD 810 (12/14) Business Income/Extra Expense/Rental Value Supplement to Property Section**

### How to submit your applications:

**Complete the application.** To make this easier to complete, we designed the applications so that you can fill them out and send them electronically.

**File and print.** Print to your agency's scanning software and click OK.

**Name the file and save.** Give it a name that is easily recognized and keep a copy in your files.

**Email it to us.** Attach the forms to an email using the address listed here. Continue your process for obtaining applicant signatures.

Email to **commercial1@amig.com**  
All States

### How we handle your applications:

- o We must receive complete applications. Incomplete applications prevents us from generating a viable quote and would result in a returned application. Complete applications, at a minimum, must contain the following mandatory fields:
  - Agency name
  - Commercial agency code (if uncertain of your commercial code please contact your sales representative)
  - Subproducer name, if applicable
  - Subproducer code #, if applicable
  - Insured name
  - Insured's mailing address
  - Location address, including city/state/zip code
  - # of families
  - Rental/vacant/condominium
  - Construction
  - Year built
  - Total area (square feet)
  - # of stories
  - Building or condominium limit
  - Other structures limit, if applicable
  - Annual Business Income Limit, if applicable
  - Building updates: roofing, wiring, heating, plumbing
  - General Information/Property Underwriting/Liability & Vacant questions
- o The application will be assigned a quote number. Please enter that number in the email subject line when you resubmit the completed application.
- o Your agency will be identified as the Agent of Record for 30 days from the dated cover letter, or 30 days from the effective date shown on the application, whichever is later.

### Policy Term

Policies are written on an annual basis.

### Policy Change Requests

It's imperative that we receive policy changes in a timely manner as this impacts processing and the billing of premium. We strongly encourage you to remind your insureds that it is their responsibility to request policy changes timely. Backdating endorsement requests will be at the discretion of the company.

### Master Policies/Association Policies

Master Policies/Association Policies are not permitted.



# COMMERCIAL PROPERTY

The following guidelines are designed to provide information regarding property account eligibility and underwriting standards. Any condition or circumstance requiring company approval must be addressed prior to quoting coverage.

## COVERAGES

### Building

Replacement Cost available on roofs:

- Roof must be 15 years of age or newer. Subject to underwriter discretion.
- Roof must be 10 years of age or newer in the following states: AR, CT, GA, NJ, NC & OK

Actual Cash Value available on roofs:

- Roof over 15 years of age. Subject to underwriter discretion.
- Roof over 10 years of age: AR, CT, GA, NJ, NC, & OK

### Business Personal Property

### Business Income (Loss of Rents)

### Inland Marine

### Crime

Mold - The ISO Cause of Loss Form, identifies the provision as a Limited Coverage for "Fungus" Wet Rot, Dry Rot And Bacteria with a policy sub limit of \$15,000.

## INELIGIBLE PROPERTY RISKS

We will not be a market for the following:

- **Risks** located in Florida, Hawaii and District of Columbia.
- Replacement cost coverage for buildings over 60 years of age that have not had updates to wiring, heating and plumbing.
- Buildings in poor physical condition and not properly maintained
- Condemned properties
- Buildings with Flat Roofs and requesting other than Basic perils – Basic Form Only!
- Buildings with unrepaired or existing damage or where prior claims are open or unresolved
- Hand hewn log homes, earth homes, dome homes, open air pier homes, stilt homes
- Manufactured/mobile homes that are "in-park" units
- Row homes or town homes, see exception under Eligible Classes
- Buildings with non-conventional construction or design such as shell homes, Do-It-Yourself construction or homemade homes
- Buildings with knob and tube wiring or aluminum wiring
- Buildings with primary heat source that is not thermostatically controlled or is a supplemental heat source
- Buildings in areas without utilities such as natural gas, electric or water
- Buildings that are in landslide, forest fire or brush fire areas
- Buildings that are in isolated areas that are not accessible by road
- Fraternities, sororities, student housing or other similar types of occupancies
- Vacant Buildings with no prospect of occupancy
- Buildings in which residential exposure is not primary use of building
- Buildings with commercial cooking exposure
- Buildings over 3 stories in height except condominium buildings
- Buildings with mercantile/office tenant without valid and collectible property insurance
- Any risk with underground fuel tanks on premises
- Any risk with boarded windows
- Any risk with composite or asphalt shingles layered over a wood or shake shingle roof (Oklahoma only)



## POLICY FORMS

This is a ISO based program with some proprietary forms.

## RATES

Rates used for the program are current ISO property rates. Minimum premiums may apply and may vary by state.

## PROPERTY DEDUCTIBLE OPTIONS

### Per Occurrence Deductible for all perils

\$250  
\$500  
\$1,000  
\$2,500  
\$5,000  
\$10,000  
\$25,000

### Wind and Hail Deductibles (Mandatory 1% Minimum)

1% per Building Wind and Hail deductible  
2% per Building Wind and Hail deductible  
3% per Building Wind and Hail deductible - except GA & MS  
4% per Building Wind and Hail deductible - except GA & MS  
5% per Building Wind and Hail deductible

Minimum 2% Wind/Hail Deductible	AL,AR,AZ,CO,GA,IA,KS,NC,NM,OK,TN, TX
A higher 5% Wind/Hail Deductible may apply if 15 or more properties are in the same zip code with the same 1 <sup>st</sup> 3 digits and the same county	AL,AR,AZ,CO,GA,IA,KS,NC,NM,OK,TN, TX
Minimum 2% Wind/Hail Deductible if 15 or more properties are in the same zip code with the same 1 <sup>st</sup> 3 digits and the same county	All Other States

## OPTIONAL COVERAGES

The Landlord 10+ Dwelling Commercial Lines Program has significant differences from Personal Lines programs you may have written for insureds who own several (10 or more) rental properties. It is very important that you customize each account based on the insureds needs and business goals.

### Contents – Other than Appliances and Equipment used to service the building

The value of contents should appear reasonable when compared to building value, loss of income amount, sales/payroll figures, and nature and type of occupancy. If uncertain about the accuracy of estimates, underwriters can ask Loss Control for input or secure a signed statement of values from the policyholder.

### Other Structures

There is no automatic coverage for detached buildings such as garages. Unlike Personal Lines policies where some carrier's forms give an automatic % of the building/dwelling value for detached structures, Commercial Lines forms do not and require the following to insure:

- Limit of Insurance
- The Coinsurance %
- Cause of Loss Form
- Selected Deductible (can be different than other buildings at same location)
- Construction

### Business Income/Rental Value (BI)

This coverage provides funds replacing the rental income that is lost during the period of restoration provided the loss is caused by a covered cause of loss. It allows for revenue to pay for any continuing costs such as loan/mortgage payments, utility services and/or income the insured depends upon.

This coverage requires a specific request to add to each property location, and you must provide the following information on the application or endorsement request:

- A Limit of Insurance
- Designation of a BI Type – Options below
- Coinsurance
  - 80%/90%/100% Options, or
- Monthly Limitation
  - 1/3, 1/4, 1/6 Options

### **Discharge from Sewer, Drain or Sump (not flood related)**

Coverage may be provided for loss caused by discharge of water or waterborne material from a sewer, drain or sump located on the described premises. This coverage does **not** apply when the discharge is induced by flood or flood-related conditions. Any limit available up to a \$5,000 limit

- This limit is part of, not in addition to, the limit of insurance applicable to the Covered Property
- Deductible follows the All Other Perils deductible
- Option for Time Element Coverage (Business Income)
- This limit is part of, not in addition to, the limit of insurance applicable to the Business Interruption coverage

If selected as an Optional Coverage, it must apply to all locations on the policy.

### **Inflation Guard**

This optional coverage automatically increases the amount of insurance by a selected percentage. The selected percentage applies proportionally for each day of the policy.

- This option applies only to direct property damage coverage on completed buildings or personal property
- Available percentages: up to 12%

If selected as an Optional Coverage it must apply to all locations on the policy.

### **Identity Recovery**

This coverage provides coverage and service for key owners (i.e. sole proprietors, partners or those with at least 20% ownership) of the business if they become identity theft victims.

This option includes both indemnity coverage for expenses and a significant service component to reduce the stress and time demands on the insured.

### **Service Line**

This coverage provides for loss or damage to owned exterior service lines. If selected as an Optional Coverage it must apply to all locations on the policy. The most we will pay for loss, damage or expense under this endorsement arising from any "one service line failure" is \$10,000.

This option provides coverage for the cost to repair the underground water piping, sewer piping, power lines, piping that connects to a heat pump and some costs associated with trees, shrubs, sidewalks, plants, lawns, walkways or sidewalks that damaged during the course of excavation to repair or replace a service line.

## MONTHLY REPORTING FORM

Our monthly reporting form is designed for accounts that are frequently endorsed on a monthly basis.

### **Landlord 10+ Dwelling Reporting Form Account Profile**

All accounts meeting the following criteria will be eligible for Monthly Reporting Form process:

- Accounts that generate significant endorsement activity.
- Agency Bill accounts only. Direct Bill is not available.

### **Benefits**

The following are the anticipated benefits of the Reporting Form:

- Better efficiencies by organizing all changes into one endorsement to deliver to the insured
- Reduces risk for errors and potentially eliminates out of sequence endorsements
- Organizes the changes so the Agency and Underwriting can address all issues at once
- Improved billing and customer service

### **Monthly Reporting Form Process**

#### **Agency Process:**

- Utilizing the Reporting Form spreadsheet provided, the agency records additions/deletions as requested by the insured

- Submit reports monthly:
  - Reports are due no later than 15 days after the end of each calendar month
- The change request is recorded on the Reporting Form spreadsheet the same day as receiving the request from the insured effectively creating a daily log of transactions
- Submit a Liability Supplemental Application if any properties are added
- Submit photos of added properties with each monthly report
- Valuations must meet our Insurance to Value guidelines shown on page 9

**Rating Process:**

- Generates one endorsement for all changes submitted on the Report
- The system dates for all added/deleted properties will be the 1<sup>st</sup> day of the Reporting Month addressing Claims system requirements to adjust any potential claim
- Each monthly endorsement will detail policy changes to the specific effective dates

**Monthly Reporting Form Coverage Grants**

- Reporting Provisions for:
  - Building and Personal Property Coverage
  - Business Income/Loss of Rents
  - General Liability
- Provisions for:
  - Failure to Submit Reports
  - Coinsurance Conditions.

**Commercial Business Practices**

The following practices apply to this process:

- Existing filed rates will be used without modification for the use of the Reporting Form
- Worksheets will be provided for each change and may be used for reference for the agency to provide premium indications to the insured

**UNDERWRITING TOOLS**

**INSURANCE TO VALUE**

Insurance To Value (ITV) is one of the cornerstones of successful property underwriting. The relationship between the insured value and the actual value of a property impacts line settings and premium adequacy, as well as the propensity for arson or fraud. Failure to adequately determine values can result in claim settlement problems, adverse public image and lost premium revenues.

Although the insured is ultimately responsible for selecting an adequate insurance limit, American Modern expects those limits to be based on accurate valuations. We require property valuations to be based on an acceptable estimate, statement, or calculation of the projected replacement value of a particular structure or structures. If we do not agree with the requested coverage amounts, we may request additional documentation supporting the requested amount. We reserve the right to reject any risk if the valuation requested does not meet our underwriting guidelines.

American Modern underwriters may use various tools including Marshall & Swift/Boeckh (MSB) valuation tools when underwriting commercial property.

Determining proper building values is particularly critical in states with Valued Policy Statutes. These states require payment of the full face amount of the policy when a total loss occurs. A moral hazard may be created if coverage exceeds values.

- The reports used will determine if an adverse ITV situation exists
- The building value must be at least equal to the requested coinsurance value selected
- If a valuation conflict exists and further explanation is needed, contact your underwriter
- Acceptable valuation will be either the MSB value, or information provided by you or the insured such as an appraisal or other ITV report
- ITV is not market value, purchased price or mortgage amount
- A significant variation between the purchase price and the replacement cost valuation may disqualify the account and/or location

All accounts with building coverage must have values verified by one of the following means:

- A formal estimate, statement or calculation of replacement value acceptable to American Modern

## RISK EVALUATION REPORTS

The evaluation of property risks has become increasingly more complex and requires the use of information from a variety of credible resources. Your American Modern underwriter has several tools to identify potential hazards for your commercial insureds.

Depending on the exposures insured under a new policy submission or the renewal of an existing account, your Underwriting team may use reports to properly determine acceptability, pricing and coverage options.

Some examples of these underwriting tools are:

- Crime Data
- Distance to Shore
- US Wildfire
- Hail Exposure Index

The use of these reports are at the discretion of your Underwriting team and are only used as additional information during the underwriting process.

## TERRITORY LIMITATIONS

Certain counties present a greater than average susceptibility to the perils of Windstorm or Earthquake. Potentially catastrophic perils such as these require careful exposure management.

To facilitate our corporate exposure monitoring, the following coverage limitations apply for any new property exposures (i.e. property included with new business, additional property values, deductible reductions at a location already insured by American Modern, newly acquired locations for an existing policyholder).

### Windstorm and Hail

Windstorm is to be excluded from the scope of coverage provided for any property located in a Seacoast Restricted Area. Seacoast Restricted Areas are identified in the list included with this manual.

### Earthquake

Earthquake is to be excluded from the scope of coverage provided. California coverage for Earthquake is a referral to the American Modern Commercial Underwriter.

### Flood

Flood is to be excluded from the scope of coverage provided.

### Forest or Brush Fire Zones

Coverage will not be written in these areas

- For Alaska – located within 500' of high or very high "fuel area"
- All other states located within 350' of high or very high "fuel area"

### No coverage is available in the following:

- District of Columbia
- Florida
- Hawaii

## TEMPORARY SUSPENSIONS OF WRITING

When it becomes necessary for American Modern to temporarily suspend writing business due to adverse conditions, such as severe weather, you must follow the guidelines contained in the Suspension document that we furnish you.

During temporary suspensions of writing, American Modern will not accept any applications for new coverage, requests to increase coverage limits or requests to lower deductibles on existing policies. Existing policies will renew during this time provided there is no increase in coverage or lapse between policy terms.

Impending Severe Weather – Includes but is not limited to:

- Tornado Watches and/or Warnings
- Tropical Storm or Hurricane Watches or Warnings
- Brush Fires

## TERRORISM

As long as TRIA is in effect, we will make available certified Terrorism to the degree required by the Act to eligible risks situated in the US.

## CAUSES OF LOSS FORM

### Comparison Chart

Cause of Loss (Perils)	Basic CP1010	Broad CP1020	Special CP1030
<b>Fire</b>	YES	YES	YES
<b>Lightning</b>	YES	YES	YES
<b>Explosion</b>	YES	YES	YES
<b>Windstorm or Hail **CP1054</b>	YES	YES	YES
<b>Smoke</b>	YES	YES	YES
<b>Aircraft or Vehicles</b>	YES	YES	YES
<b>Riot or Civil Commotion</b>	YES	YES	YES
<b>Vandalism ** CP1055</b>	YES	YES	YES
<b>Sprinkler Leakage ** CP1056</b>	YES	YES	YES
<b>Sinkhole Collapse</b>	YES	YES	YES
<b>Volcanic Action</b>	YES	YES	YES
<b>Falling Object</b>		YES	YES
<b>Weight of Snow, Ice or Sleet</b>		YES	YES
<b>Water Damage</b>		YES	YES
<b>Additional Coverage - Limited Coverage for "Fungus", Etc</b>	YES	YES	YES
<b>Additional Coverage - Collapse</b>		YES	YES
<b>Risks of Physical Loss - Unless Specifically excluded</b>			YES

**\*\* CAN BE ELIMINATED BY ENDORSEMENT**

**THEFT** - Excluded under the Basic and Broad Form; Included under Special Form

# COMMERCIAL GENERAL LIABILITY

The following guidelines are designed to provide information regarding general liability account eligibility and underwriting standards. Any condition or circumstance requiring company approval must be addressed prior to quoting coverage. General Liability should be quoted only in conjunction with Commercial Property.

## COVERAGES

Premises Liability – Each Occurrence Limit

General Aggregate Limit (Other than Products-Completed Operations

Personal and Advertising Injury Limit – Occurrence Limit

Fire Damage Limit – Any One Fire

Medical Expense Limit – Any One Person

## INELIGIBLE RISKS

We will not be a market for the following:

- Risks located in Florida, Hawaii and District of Columbia
- Premises in poor physical condition and not properly maintained
- Condemned buildings
- Buildings with unrepaired or existing damage or where the prior claims are open or unresolved
- Buildings over 3 stories in height
- 3 story dwelling without outside egress from 3rd floor, not including condominiums (i.e. outside stairs, fire escape)
- Buildings with kerosene or portable space heaters as primary source of heat
- Fraternities, sororities, student housing or other similar types of occupancies
- Risks without smoke detector battery replacement procedures
- Properties with swimming pools, spas, hot tubs and/or Jacuzzis
- Properties with trampolines or similar recreational equipment
- Day care operations
- Previous animal bite incidents or existence of animals with vicious propensities, including but not limited to:
  - Dobermans, Chows, Rottweilers, Akitas, American Staffordshire Terriers (Pit Bulls), attack dogs and Wolf Hybrids, (or any mix thereof) Ostriches, Emus, Horses, Farm or Ranch animals, or any type of wild exotic animals or pets.
- Steps, Porches and Decks without secured handrails
- Lead paint exposures
- Mixed occupancy in which residential exposure is not primary use of the building
- Buildings with commercial cooking exposure
- Buildings with mercantile/office tenant without valid and collectible liability insurance with General Liability limits lower than \$300,000 per occurrence
- Parking lots greater than 1,000 sq. feet or 8 spaces
- Any risk that is not in compliance with state landlord/tenant regulations
- Any risk with bars on windows unless breakaway from inside
- Any risk with concrete blocks for steps

## POLICY FORMS

This is a ISO based program with some proprietary forms.

## LIMITS OF LIABILITY

Several General Liability Occurrence limits are available and the standard General Aggregate is 2 times the Occurrence limit:

### Occurrence Limits Options

\$100,000  
\$200,000  
\$300,000  
\$500,000  
\$1,000,000

Limits apply policy wide (all locations) on an annual basis. Refer to the coverage form for details.

### **MED PAY LIMITS**

\$0 – Excluded  
\$5,000  
\$10,000

## RATES

Rates used for the program are current ISO general liability rates. Minimum premiums may apply and may vary by state.

## DEDUCTIBLES

No general liability deductible applies.

## NAMED INSUREDS

It is important to understand the relationships and structures of all named insureds to be named on the policy. In the event there are multiple named insureds, all named insureds listed on the policy must have a clear and definable insurable interest in the policy.

## ADDITIONAL INSUREDS

Refer all requests for Additional Insureds. Requests for Additional Insured status on your client's policies should be carefully underwritten. Entities that do not have an insurable interest are not eligible. These requests may add entities to the policy that have no insurable interest and could deplete limits of insurance normally available to your insured.

## TERRORISM

As long as TRIA is in effect, we will make available certified Terrorism to the degree required by the Act to eligible risks situated in the US.



**Can a policy be written with less than the minimum ten units?**

Only in specific circumstances. This is an underwriting decision based on the overall account and determination that the insured will be adding dwellings.

**Are other structures automatically included as they are under a Homeowners Policy? What about business personal property?**

Other structures and business personal property are not automatically included. They may be added by requesting the appropriate limit(s) on the application.

**Does the all other perils, property deductible applies per occurrence?**

The policy property deductible (excluding wind and hail) applies per occurrence.

**How does the wind/hail percentage property deductible work?**

The percentage deductible is applied to each building limit for each occurrence of windstorm or hail.

**Will you provide coverage for Row Homes, Town Home and Condos?**

Yes. We can insure a maximum of 8 row homes in a row. Row homes must include fire walls. Condominium Associations are not eligible.

**Can dwellings in multiple states be put on the same policy?**

Yes, but with some exceptions. These states require their own policy: CA, LA and TX.

**Will you write a dwelling with a swimming pool?**

Liability coverage is available for the swimming pool exposure in Arizona, California and Nevada. In the other states, we exclude through the attachment of the Combined Exclusion endorsement.

**Do you require handrails at steps if the state does not mandate the handrails?**

If the inspection report warrants or if the photos reveal the need, a recommendation may be made to install handrails even if the state does not mandate.

**What is the difference between Actual Cash Value (ACV) and Replacement Cost (RC)?**

Replacement Cost Value is the valuation method determined as the cost to replace damaged property with the property of like kind and quality; the cost to replace property at its current price, without a deduction for depreciation.

Actual Cash Value is defined as the cost to repair or replace covered property with new material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

**Can you have some dwellings at Replacement Cost and some at Actual Cash Value under the same policy?**

Yes.

**What is Coinsurance?**

Coinsurance is a provision in the property form which requires that property be insured to some specified percentage of its full value (80%, 90% or 100%) If at the time of loss it is determined that the insured carried an adequate limit, the loss recovery will be a percentage of the total loss, calculated by dividing the insured amount by the amount of insurance required.

**For Business Income, what does 1/3, 1/4 and 1/6 Monthly Limit of Indemnity mean?**

Provision on Business Income form which provides for recovery based on a 30-day period to a preselected percentage of the business income limits.

Example: The monthly limitation selected is 1/3 with a limit of \$12,000. Loss would be paid up to max of \$4,000 per month (1/3 of \$12,000) during period of indemnity. Coverage would cease when limits are exhausted or period of indemnity ends.

# SEACOAST RESTRICTION

Windstorm is to be excluded from the scope of coverage provided for any property located in following areas:

## ALABAMA

Where coverage is available from Alabama Insurance Underwriting Association

## GEORGIA

Where coverage is available from Georgia Insurance Underwriting Association

## LOUISIANA

Where coverage is available from Louisiana Citizens Property Insurance Corporation  
Acadia  
Ascension  
Assumption  
Calcasieu  
Iberville  
Jefferson Davis  
Lafayette  
St. Charles  
St. James  
John the Baptist  
St. Martin  
St. Tammany

## MISSISSIPPI

Where coverage is available from Mississippi Windstorm Underwriting Association

## NORTH CAROLINA

Where coverage is available from North Carolina Insurance Underwriting Association

## SOUTH CAROLINA

Where coverage is available from South Carolina Windstorm & Hail Underwriting Association

## TEXAS

Where coverage is available from Texas Windstorm Insurance Association

The below areas are restricted in their entirety. No coverage will be provided for any property located in the following areas:

## DELAWARE

Sussex

## DISTRICT OF COLUMBIA

Entire

## FLORIDA

Entire

## HAWAII

Entire

## MARYLAND

Worcester

## MASSACHUSETTS

Barnstable  
Bristol  
Dukes  
Nantucket  
Plymouth

## NEW JERSEY

Atlantic  
Cape May  
East of Garden State Parkway  
Monmouth  
Ocean

## NEW YORK

Long Island includes counties of:  
Bronx Kings  
Nassau  
New York  
Queens  
Richmond  
Suffolk

## RHODE ISLAND

Newport  
Washington

## TEXAS

Harris County where not eligible for TWIA

## VIRGINIA

Accomack  
Chesapeake  
Gloucester  
Hampton  
Isle of Wight  
James City  
Lancaster  
Mathews  
Middlesex  
Newport News  
Norfolk  
Northampton  
Northumberland  
Portsmouth  
PoQuoso  
Suffolk  
Surry  
Virginia Beach  
Williamsburg  
York

## Preferred Direct Bill Plan Options

Commercial lines premiums may be paid on a **Full Pay**, **2-Pay** and **4-Pay** options. The collection and details of the bill plans are as follows:

### 1 Pay Installment Bill Plan (Full Pay)

#### Bill Plan Details

- **Premium Paid in full**

### 2 Pay Installment Bill Plan

#### Bill Plan Details

- Down Payment 50% of total premium
- There will be one remaining installment billed directly to the insured at 50%
- Service Charge applies to each installment bill

### 4 Pay Installment Bill Plan

#### Bill Plan Details

- **Down Payment 25% of total premium**
- **There will be three remaining installments billed directly to the insured at 25% each**
- **Service Charge applies to each installment bill**

### Acceptable Forms of Payment

- Check/Money Order - payable to American Modern
  - Include the policy number on your check or money order
- One time payments
  - EFT (bank)
    - Checking or Savings Account
  - Credit Card
    - Visa®, MasterCard®, Discover®, or American Express®

### Methods of Making a Payment

- Billing Department **1-800-543-2644, Option 3**
- Mail

**Standard Mailing address:**  
 American Modern Home Insurance  
 PO Box 5323  
 Cincinnati, Ohio 45201-5323

**Overnight Mailing address:**  
 American Modern Home Insurance  
 Attn: Accounting Dept.  
 7000 Midland Blvd.  
 Amelia, OH 45102

### Charges that may be assessed throughout the policy term

A Billing Reference notice will generate with **New Business** and **Renewal Business** packets, with the specific amounts approved by the state.

- **Service Charge** will apply for each installment.
- **Reinstatement Charge** may be assessed if the company elects to rewrite or reinstate your policy when the amount due is paid after the cancellation date.
  - Reinstatement is not guaranteed
- **Non Sufficient Funds (NSF) Charge** will be assessed for any payments returned from the issuing bank due to unavailable funds.

### Endorsements

- **Additional Premium Endorsements** may result in additional bills generated to the insured
- **Return Premium Endorsements** will reduce the premium amount and future remaining installments will be adjusted accordingly.

# How To Reach Us

## NEW BUSINESS SUBMISSIONS

Email new business submissions to [Commercial1@amig.com](mailto:Commercial1@amig.com)

## ENDORSEMENT SUBMISSIONS

Email endorsement submissions to [amigendcomm1@amig.com](mailto:amigendcomm1@amig.com)

**AMERICAN MODERN DOES NOT QUOTE ENDORSEMENTS**

## POLICY QUESTIONS

**Call: 1-800-723-3722 x6925**

**Hours:** Monday to Friday, 8 a.m. to 8 p.m. Eastern

**Payment Lockbox Address:** PO Box 740167, Cincinnati, OH 45274-0167

## BILLING QUESTIONS

1-800-543-2644 - Option 3

## COMMISSIONS

Email to [acctcommission@amig.com](mailto:acctcommission@amig.com)

**Call: 1-866-879-5587**

## modernLINK SUPPORT

**Call: 1-866-527-9583**

**Hours:** Monday to Friday, 7 a.m. to 12 a.m. Eastern

Saturday and Sunday, 8 a.m.- 9 p.m.

*After hours support handled by voicemail return call.*

**E-mail: [systemsupport@amig.com](mailto:systemsupport@amig.com)**

**Hours:** Monday to Friday, 7 a.m. to 12 a.m. Eastern

**Need Help?** Talk to your office's modernLINK Profile Administrator  
*OR* Click the Help Link at the upper right of the modernLINK screen.

**POLICY CHANGES CANNOT BE SUBMITTED THROUGH THIS CHANNEL**

## REPORT A CLAIM

**Online:** In modernLINK, under the Quotes and Policies tab click the Claims link.

**Call: 1-800-375-2075**

**Fax:** 513-388-5155

**Email:** [claimscommercial@amig.com](mailto:claimscommercial@amig.com)

**Mail Address:**

American Modern Insurance

Attn: Claims Processing

PO Box 5323

Cincinnati, OH 45201-5323

## ORDERING SALES OR MARKETING MATERIALS

Access the Marketing Center Quick Link on the modernLINK home page.