



*Mid-State Mutual*  
Insurance Company

## Mid-State Mutual Insurance Underwriting Guide

February, 2006



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*Mid-State Mutual*  
Insurance Company

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# Overview

- ▶ **Mid-State Mutual rated A- Excellent by A.M. Best**
- ▶ **BCAR score 340+**
- ▶ **Experienced staff**
- ▶ **Agency Company — Relationships are important**
- ▶ **Strong Reinsurers**
  - American RE
  - Odyssey Re
  - Hannover RE
- ▶ **Product Lines**
  - Mercantile Buildings
  - Strip Shopping Centers
  - Office Buildings
  - Motels
  - Lt. Industrial Buildings
  - Business Parks
  - Warehouses
  - Condominiums
    - Office
    - Commercial
  - Boiler and Machinery
  - Homeowners
  - Dwelling Fire



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## Commercial Lines



## PRODUCTS

### Programs

- ▶ Mercantile Buildings
- ▶ Shopping Centers
- ▶ Office Buildings
- ▶ Motels
- ▶ Lt Industrial Buildings
- ▶ Business Parks
- ▶ Warehouses
- ▶ Condominiums
  - Office
  - Commercial

### Other

- ▶ Boiler and Machinery
- ▶ Excess Liability up to \$6 million
- ▶ Umbrella up to \$10 million



## CPP Program Guidelines and Eligibility

### MERCANTILE BUILDINGS

ELIGIBILITY	
<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 3 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 3 stories</li><li>▶ PC Classes 7-10</li></ul>
COVERAGE LIMITS	
<b>Property Limits:</b>	<ul style="list-style-type: none"><li>▶ up to \$10 million per location</li></ul>
<b>Liability Limits:</b>	<ul style="list-style-type: none"><li>▶ up to \$ 6 million per occurrence</li></ul>



## **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.
  - ▶ 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.
2. Buildings may not be used as seasonal facilities.
3. Building owners who share facilities or any other entity, with another entity are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, streets, etc.
4. Any building with mixed occupancy i.e.: mercantile/apartment must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must have been inspected by licensed specialists within the last ten years.
  - ▶ Mixed occupancy where the majority occupancy is a restaurant or habitational is unacceptable for coverage.
5. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## SHOPPING CENTERS

### ELIGIBILITY

<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 2 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 2 stories</li><li>▶ PC Classes 7-10</li></ul>

### COVERAGE LIMITS

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



## **GENERAL UNDERWRITING GUIDELINES – Shopping Center**

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage.
  - ▶ 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.
2. Buildings may not be used as seasonal facilities.
3. Building owners who share facilities or any other entity, with another entity, are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, streets, etc.
4. Any building with mixed occupancy i.e.: mercantile/apartment must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must have been inspected by licensed specialists within the last ten years.
  - ▶ Mixed occupancy where the majority occupancy is a restaurant or habitational is unacceptable for coverage.
5. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## OFFICE BUILDINGS

### ELIGIBILITY

<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 2 stories – 3 stories if sprinklered
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 3 stories</li><li>▶ PC Classes 7-10</li></ul>

### COVERAGE LIMITS

<b>Property Limits:</b>	▶ up to \$10 million per location
<b>Liability Limits:</b>	▶ up to \$ 6 million per occurrence



## **GENERAL UNDERWRITING GUIDELINES – Office Buildings**

1. The writing of office premises liability may, on the opinion of the underwriter, be prefaced by a request for proof of Professional Liability Insurance with another carrier. Request and proof of professional liability coverage is required on all owner/occupied risks where there is a professional exposure. See also "ineligible owner occupied risks."
2. \$500,000 or more in contents value and coverage for theft requires an alarm system.
3. Buildings may not be used as seasonal facilities.
4. Office complexes or Condominiums 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 on a quarterly basis.
5. The by-laws of condominiums should be furnished by the agent for the Underwriter, and should be kept in the Underwriting file.
6. The agent is responsible for issuance of certificates of insurance and furnishing the company with each copy.
7. Offices or Office Condominiums that share facilities with another entity are not acceptable.



## MOTELS

ELIGIBILITY	
<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 3 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is 35 years or less. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 3 stories</li><li>▶ PC Classes 7-10</li></ul>
COVERAGE LIMITS	
<b>Property Limits:</b>	<ul style="list-style-type: none"><li>▶ up to \$10 million per location</li></ul>
<b>Liability Limits:</b>	<ul style="list-style-type: none"><li>▶ up to \$ 6 million per occurrence</li></ul>



## GENERAL UNDERWRITING GUIDELINES – Motels

1. Risks (excepting B & B's) should be geographically located in order to take advantage of the flow of better-than-average customers.
2. Attached restaurants or non-attached restaurants that are operated by the insured are not acceptable.
  - ▶ Non-attached, non-insured-operated restaurants that present a moderate value can be acceptable for building and LRO coverages. Coverage may be written under mercantile program - LRO.
3. All restaurants must meet NFPA 96 - Ansul System requirements.
4. Buildings may not be used as seasonal housing facilities.
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.
  - ▶ 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.
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 on a quarterly basis.
9. Risks that share 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 through which the occupant may view the area outside the door.
12. Parking lots, hallways, stairways, pool areas etc. must be well lit and free of areas of significant darkness.
13. Telephones are required in every room



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14. All tubs should be equipped with non-slip strips or non-slip mats on inside surfaces and grab bars.
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 every three months to verify that the carbon monoxide detector is operational. Annual inspection of each wall heater is also required.
18. All motels must meet the Americans with Disabilities Act guidelines. (For more information, see the ADA Compliance section of this manual. The ADA Compliance section addresses our company requirements for underwriting; for full compliance, Insured should consult a qualified consultant or contractor.)
19. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## LIGHT INDUSTRIAL

### ELIGIBILITY

<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 3 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 3 stories</li><li>▶ PC Classes 7-10</li></ul>

### COVERAGE LIMITS

<b>Property Limits:</b>	▶ up to \$10 million per location
<b>Liability Limits:</b>	▶ up to \$ 6 million per occurrence



## GENERAL UNDERWRITING GUIDELINES – Light Industrial

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage. Refer to Unacceptable classes of occupancy list.
  - ▶ 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.
2. Buildings may not be used as seasonal facilities.
3. Building owners who share facilities or any other entity, with another entity are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, streets, etc.
4. Any building with mixed occupancy i.e.: mercantile/apartment must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must have been inspected by licensed specialists within the last ten years.
  - ▶ Mixed occupancy where the majority occupancy is a restaurant or habitational is unacceptable for coverage.
5. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## BUSINESS PARKS

### ELIGIBILITY

<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 2 stories – 3 story if sprinklered.
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 2 stories</li><li>▶ PC Classes 7-10</li></ul>

### COVERAGE LIMITS

<b>Property Limits:</b>	▶ up to \$10 million per location
<b>Liability Limits:</b>	▶ up to \$ 6 million per occurrence



## GENERAL UNDERWRITING GUIDELINES – Business Parks

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage. Refer to unacceptable occupancy listing.
  - ▶ 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.
2. Buildings may not be used as seasonal facilities.
3. Building owners who share facilities or any other entity with another entity are not acceptable, i.e.: swimming pools, parks, playgrounds, common areas, parking facilities, streets, etc.
4. Any building with mixed occupancy i.e.: mercantile/apartment must be less than 25 years in age and all major building systems such as plumbing, heating, electrical and roofing must have been inspected by licensed specialists within the last ten years.
  - ▶ Mixed occupancy where the majority occupancy is a restaurant or habitational is unacceptable for coverage.
5. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## WAREHOUSES

ELIGIBILITY	
<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 2 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 2 stories</li><li>▶ PC Classes 7-10</li></ul>
COVERAGE LIMITS	
<b>Property Limits:</b>	▶ up to \$10 million per location
<b>Liability Limits:</b>	▶ up to \$ 6 million per occurrence



## **GENERAL UNDERWRITING GUIDELINES – Warehouses**

1. Buildings rented or leased to others for occupancy of office, mercantile or commercial use (not for habitation) are eligible for this coverage.
  - ▶ Refer to unacceptable classes for occupancy listing.
  - ▶ 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.
2. Buildings may not be used as seasonal facilities.
3. Multiple-story buildings equipped with railings in which the vertical rail openings exceed 4 inches are ineligible.



## OFFICE & COMMERCIAL CONDOMINIUMS

### ELIGIBILITY

<b>Size:</b>	up to \$10 million per location and \$5 million per building
<b>Stories:</b>	up to 2 stories
<b>Age:</b>	up to 35 years. Older risks may be submitted if effective age is less than 35 years. Note: Building update/remodel form required if 25 years or older.
<b>Territory:</b>	California only
<b>Other:</b>	Excess liability limits up to \$6 million. Equipment breakdown coverage available. Umbrella up to \$10 million with A XIV rated carrier
<b>Ineligible risks:</b>	<ul style="list-style-type: none"><li>▶ Buildings more the 25% vacant</li><li>▶ Buildings with wood shake roofs- submit</li><li>▶ Buildings more than 2 stories</li><li>▶ PC Classes 8-10</li></ul>

### COVERAGE LIMITS

<b>Property Limits:</b>	▶ up to \$10 million per location
<b>Liability Limits:</b>	▶ up to \$ 6 million per occurrence



## **GENERAL UNDERWRITING GUIDELINES – Office & Commercial Condominiums**

1. The writing of office premises liability may, on the opinion of the underwriter, be prefaced by a request for proof of Professional Liability Insurance with another carrier. Request and proof of professional liability coverage is required on all owner/occupied risks where there is a professional exposure.
2. \$500,000 or more in contents value and coverage for theft requires an alarm system.
3. Buildings may not be used as seasonal facilities.
4. Office complexes or Condominiums 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 on a quarterly basis.
5. The by-laws of condominiums should be furnished by the agent for the Underwriter, and should be kept in the Underwriting file.
6. The agent is responsible for issuance of certificates of insurance and furnishing the company with each copy.
7. Offices or Condominiums that share facilities with another entity are not acceptable.



## EXCESS LIABILITY

### COVERAGE LIMITS

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

## BOILERS & MACHINERY

### COVERAGES & LIMITS

**Available on Mid-State Commercial Building Risks**

- ▶ Low Deductible.
- ▶ Broad coverages
- ▶ Competitive pricing



COMMERCIAL LINES FORMS

PROPERTY & PERSONAL PROPERTY

Table listing various property and personal property forms such as Building & Personal Property, California Cancellation, Causes of Loss-Basic Form, etc.

TERRORISM

Table listing terrorism-related forms such as Disclosure, Cap on Losses (Liability), Exclusion (Liability), etc.

BUSINESS INCOME

Table listing business income forms such as Business Income Coverage, Extra Expense, Supplement to Bus Income Form, etc.

BUILDERS RISK

Table listing builders risk forms such as Builders' Risk Coverage, Builders Risk Renovation.

CONDOMINIUMS

Table listing condominium forms such as Condo Additional Provisions, Condo Association Coverage, etc.

CRIME

Table listing crime-related forms such as Crime General Provision, Employee Dishonesty, Forgery & Alteration, etc.

INLAND MARINE

Table listing inland marine forms such as Accounts Receivable, Commercial Inld Marine Cond, Sign Coverage Form, etc.

ADDITIONAL PROPERTY FORMS

Table listing additional property forms such as Additional Building Property, Additional Covered Property, Building Ordinance, etc.

COMMERCIAL LIABILITY

Table listing commercial liability forms such as Commercial General Liability, Hired & Non Owned Auto, Liquor Liability Coverage, etc.

ADDITIONAL INSUREDS

Table listing additional insureds forms such as Condo Unit Owner, Co-Owners of Premises, Designated Person or Org., etc.

Table listing various liability and coverage forms such as Owners, Lessees or Contractors, Managers/Lessors Premises, Mortgagee Assignee, Receiver, etc.

EXCLUSIONS

Table listing exclusion forms such as Fungi and Bacteria, Y2k, Advertising Injury, Employees & Volunteers as Ins., etc.

Bed and Breakfast

Table listing bed and breakfast forms such as Endorsement-Personal Liability, Amendment-Extra Residence Living/Business Expense, etc.

BOP FORMS

REQUIRED FORMS

Table listing required forms such as Protective Safeguards, California Cancellation, Business Owner's Coverage, etc.

TERRORISM

Table listing terrorism forms such as Disclosure, CAP on Losses, Exclusion (Prop), etc.

ADDITIONAL INSUREDS

Table listing additional insureds forms such as Co-Owners, Engineers, Managers/Lessor of Premises, etc.

OPTIONAL COVERAGES

Table listing optional coverages forms such as BOP Policy Changes, Building Ordinance, Comprehensive Liability Exclsn., etc.

PREMIUM \_\_\_\_\_
COMMISSION \_\_\_\_\_



## CPP PROGRAM - OPTIONAL COVERAGES

### MISCELLANEOUS GENERAL LIABILITY, CRIME, INLAND MARINE AND NON-OWNED AUTO COVERAGES

#### Coverage Type

<b>Additional Insureds</b>	
<b>Vacant Land</b> (Must be rated if exposure exists)	
<b>Liquor Liability*</b> *LLL Rates: Hotels, Motels Restaurants, Taverns: \$3.20 Retail Sales (Off Premises Consumption): \$1.30	Minimum premium = \$750.00
<b>Employee Dishonesty</b> (with a \$500 deductible) Premium for Limit:	\$10,000 \$25,000 \$50,000
<b>Money and Securities</b> (Limits 1,000/1000 included for Motels)	
<b>Accounts Receivable</b> (Limits 5,000 included Motels)	
<b>Valuable Papers</b> (Limits 2,500 included Motels)	
<b>(Detached) Signs &amp; Satellite Dishes</b> (Limits 5,000 included Motels)	
<b>Transit Coverage</b>	
<b>Non-Owned Auto</b>	
<b>Hired Auto</b>	
<b>Forgery or Alteration</b> <b>Premium for Limit:</b>	\$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 25 years and under Coverage A  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 (Available on Buildings 25 years and newer)  See attached BECPP (0100) and MSSPEC (0100).	\$385.00 Annual Premium
Liability for Guest Property:	\$1,000.00 per guest / \$25,000.00 aggregate Basic Coverage



### Property Coverage Enhancement

#### Summary of Coverage Limits

Coverage	Limit	Ded
Backup of Sewers or Drains	\$10,000	\$1,000
Spoilage	\$10,000	\$1,000
Customer Property on Your Premises	\$5,000	\$500
Outdoor Signs	\$5,000	\$500
Money and Securities	\$5,000	\$500
Robbery and Safe Burglary	\$5,000	\$500
Enhanced Fire Department Service Charge	\$5,000	None
Increased Property in Transit	\$5,000	\$1,000
Increased Cost of Construction	\$50,000	\$1,000
Personal Effects and Property of Others	\$10,000	\$1,000
Valuable Paper and Records	\$25,000	\$500
Increased Outdoor Property	\$10,000	\$500

BECPP 0206

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**



## GENERAL UNDERWRITING CRITERIA

1. All the ISO Rating Rules and Forms shall be used unless excepted by one or more of these criteria.
2. Building & Contents should be insured at least 80% to value for the coverage provided.
3. Minimum Premiums for contents only (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. Additional premiums less than \$15.00 will be waived.
7. Return premiums less than \$5.00 will be waived unless requested by the insured.
8. Insurance to Value will be verified by using Marshall & Swift Cost Estimator Guide as the minimum allowable value.
9. Generally, one-year policies will be issued. However, if a different term is required for a specific purpose; i.e., matching the term of a companion policy, this can be done.
10. Older buildings must have been maintained in good condition and totally renovated within the last ten years if the effective age is more than 25 years.
11. Total renovation should include the major building systems such as: plumbing, electrical, heating, roofing, etc.
12. Key words on building and property condition are "Pride in Ownership." If the owner and/or tenants maintain the property in a proud manner, then this company should give full consideration to insurability.
13. As well as can be discerned by the insured, agent and company underwriter, all properties should meet all current building code requirements.
14. Property must be within Protection Classes 1-6 Merritt Manual will be the source used to determine protection class.
15. Buildings located in a brush area **MUST** be inspected before being bound or issued.
16. Buildings in known landslide areas or areas with unstable soil conditions are not acceptable.
17. 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.
18. Any risk that has been cancelled or non-renewed for non-payment of premium by prior carrier may not be considered for coverage.
19. Any liability exposure requiring a Governmental Agency to be named as an insured, or as an additional insured, is not eligible for coverage.
20. Any liability exposure involving aircraft, to any extent, is not eligible for coverage.



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21. Any liability exposure requiring coverage for off-premises events, occurrences or operations of any type are generally not eligible for coverage; i.e., company picnics, booths at trade events, parades, etc.
22. If special circumstances exist that require property off premises coverage for more than an incidental period, coverage may be added to the coverage part.
23. Liquor liability is available on a limited basis. See liquor liability guidelines.
24. Director & Officers Liability is not available.
25. Non-Owned & Hired Auto Liability is available and may be written on all lines. It is not the intent of the company to write Non-Owned & Hired Auto coverage where employees use their own vehicles on a regular basis.
26. "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%.
27. Building and Business Personal Property Coverages carry a \$1,000 minimum deductible.
28. No policy will be reinstated more than once, if the policy was cancelled for non-payment. If reinstated or renewed after non-payment, no payment plan may be offered.
29. Medical Payment Limit is \$1,000 maximum.
30. Maximum schedule credit/debit is 25%.
31. Building Ordinance Coverage is not offered on risks that are over 25 years unless the structure has been gutted and built to current codes.



## PAYMENT PLANS

Plan #	Plan	Description
100	Full Payment	Billed at issuance of policy for total premium due on inception date. (No service charge.)
2PY *	Two Payments	50% of premium due at inception, and the remaining 50% due in 4 months with a \$10.00 service charge.
402 *	Three Payments	40% of premium due at inception, and the remainder due in two (2) 30% quarterly installments, with a \$10.00 service charge for each installment billed.
403 **	Four Payments	40% of premium due at inception, and the remainder due in three (3) 20% quarterly installments with a \$10.00 service charge for each installment billed.
TEN	Ten Payments	20% of annual premium due at inception, and the remainder due in 9 monthly installments, with a \$10.00 service charge for each installment billed. Only available on policies with premiums of \$15,000 or greater.

\* Available on premiums in excess of \$1,000

\*\* Available on premiums in excess of \$5,000.



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# Personal Lines



## Mid-State Mutual Insurance Company

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### Underwriting Philosophy

#### *“A Preferred Underwriting Company”*

We are a company that seeks “Preferred Business”. Our new home program offers attractive pricing and comprehensive coverages-

- a. **Credits up to 50%**
- b. **Free ID theft coverage.**
- c. **Extended replacement cost at 150%.**
- d. **Ordinance or law coverage included (see below)**

We have simplified the underwriting process for these preferred properties. The criteria for the selection of above average properties are broad enough to attract a high percentage of 1-family type properties.

- **Coverage A- up to \$750,000**
- **Protection Classes- 1-7**
- **Brush- 500 feet for tile roofs**

The property should meet or exceed the following criteria:

**Pride of Ownership of Tenancy** - The condition of the property should be neat and clean resulting in good housekeeping measures.

**Environmental Similarity** - Risk should not differ in any significant degree from the other structures within the neighborhood. Residential structures should be located within residential areas.

**Insurance to Value** - The amount of insurance requested should favorably compare to the values established by ISO Home Value or Marshall & Swift/Boeckh replacement cost valuation. Coverage A Limits: \$100,000 to \$750,000; Coverage E Limits: \$100,000 to \$500,000.

**Good Location** - Should be on relatively level ground and not be isolated. The protection class should be PC 1-7. Brush- 500 feet for tile roofs.

**Construction to Code** - Construction should be of a conventional nature.

**Single Occupancy** - The occupancy should be only 1 family (property should be owner-occupied).

**Fire Protection** – The protection class should be 1 to 7.

**Risks which do not meet these guidelines must be submitted a minimum of 30 days in advance for underwriting and binding approval.**



**Mid-State Mutual Insurance Company  
Homeowners Program**

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**HO 00 03 SPECIAL FORM – MINIMUM BASIC LIMITS FOR SINGLE FAMILY DWELLINGS**

<i>Coverage A</i>	<i>Dwelling</i>	\$100,000 min. - \$750,000 max
<i>Coverage B</i>	<i>Other Structures</i>	10% of Coverage A
<i>Coverage C</i>	<i>Personal Property –</i>	50% of Coverage A*
	<i>Worldwide Personal Property in Other Residences</i>	10% of Coverage C with \$1,000.00 min.
<i>Coverage D</i>	<i>Loss of Use</i>	30% of Coverage A*

Note:

When Dwelling Coverage A is increased, there is an automatic proportional increase in Coverages B, C, and D. For an additional premium, Coverages B, C, and D may be increased independently of Coverage A.

\* When coverage for **Replacement Cost composite** is added, **Coverage C shall be 70%** of Coverage A and **Coverage D shall be 40%** of Coverage A (HO 00 03 only).



## **INSTRUCTIONS FOR NEW HOMEOWNERS POLICY SUBMISSIONS**

Please include the following:

1. The most current ACORD application.
2. A **complete, original application** including the **agent's and insured's signatures**.
3. A minimum down payment of 25% of the annual premium.

INCOMPLETE APPLICATIONS WILL BE RETURNED TO YOU FOR COMPLETION. PLEASE MAKE SURE THAT EVERY QUESTION IS ANSWERED. APPLICATIONS THAT ARE RETURNED TO YOU FOR COMPLETION WILL **NOT** BE BOUND.

## **SUBMISSIONS FOR ESCROW CLOSINGS**

Please include the following:

1. Be sure that the risk qualifies within our underwriting guidelines.
2. FAX a completed application to the Company.
3. Your underwriter will review the application and a policy number will be faxed to you, usually within one hour.
4. The policy will be issued upon receipt of the original application along with all required items listed above.

## **ELIGIBILITY FOR FORM HO 00 03 (HOMEOWNERS SPECIAL FORM):**

- a. A dwelling occupied by the owner, used principally for private residential purposes.
- b. A secondary dwelling, including seasonal dwellings, occupied by the owner and used principally for private residential purposes, when the primary insurance is with this Company.
- c. Occupancy of a dwelling under a life estate arrangement. Dwelling limit must be at least 80% of Replacement Cost. The owner's interest in the building and premises liability may be covered by using Additional Insured Endorsement form HO41.
  1. The premises are occupied principally for dwelling purposes
  2. And there is no other business conducted on the premises



**RATING - SPECIAL CREDITS AND ENDORSEMENTS – UP TO 50% CREDIT**

**NEW HOME AND NEW LOAN CREDIT- UP TO 30%**

<u>New Home Credits*</u>	<u>New Loan Discount</u>
1st year – 20%	1st year – 10%
2nd year – 17%	2nd year – 7%
3rd year – 14%	
4th year – 11%	
5th year – 8%	
6th year – 5%	
7th year – 2%	

\* Note: The New Home Credit and New Loan Credit can be combined if a risk qualifies for both credits. New loan credit applies to new loans on new purchases. Refinancing, equity loans and second mortgages do not apply.

**NON-FLAMMABLE ROOF CREDIT- 5%**

Any home which has a non-flammable roof covering 100% of the dwelling and attached appurtenant structures is eligible for a 5% Protective Devices credit. A non-flammable roof is one, which is of metal, slate, tile, concrete composition, or Cal. Shake brand.

**CLAIM FREE/STABILITY TRANSFER CREDIT- 10%**

A policy which has no more than one claim of less than \$500 total payment including loss adjustment expenses during the immediate rolling 3-year period, or a new policy with proof of no claims during the preceding 3-year period, while insured with one company through the same agency, is eligible for a 10% credit. The credit remains in place until the renewal following the occurrence of a claim on the policy. The effect of the claim is as follows:

A second claim in the 3-year rolling period of less than \$500: the credit is reduced to 5%. Any subsequent claim, regardless of size: the credit is removed at renewal.

A claim of over \$500: the credit is removed.

The credit is restored when the rolling 3-year period has no more than one claim of less than \$500.





### WHEN TO SUBMIT FOR U/W APPROVAL

The following conditions will make property less desirable but still give underwriting consideration:

- Properties with *more than one loss* within the last 3 years.
- Dwellings without an integrally installed central heating system. Exceptions to this are permanently installed wall furnace or gas heating systems with individual room or zone control, if installed to existing codes. (Dwellings using a wood stove as a primary heat source are not acceptable.)
- Seasonal dwellings may be written on an exception basis, but only if supported by the primary residence being insured with this Company.
- Principal residences which are located in the following areas:
  1. Defined brush areas.
  2. Within 250 feet of brush areas.
  3. Subject to wave wash or flood.
  4. 3,500 feet or higher in elevation.
- Properties with unusual liability exposures or attractive nuisances. Examples would be unfenced swimming pools; temperamental or unusual animals (something other than dogs or cats); skateboard/bicycle ramps or abandoned vehicles.
- Buildings constructed for something other than habitation purposes.
- Buildings requiring a Course of Construction policy.

**Note:** If consideration is to be given in any of the above areas, the exception must be submitted in detail and in written form.

### OLDER HOME GUIDELINES

Generally speaking, homes that are over 20 years old require some extra T.L.C. Homes between 21 and 40 years of age must meet the following conditions:



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- Roof:** A roof that is in good condition or has been replaced (and is still in good condition). If repaired or replaced, please provide date of completion and an explanation. (Indicate if this is repairs only or full replacement.)
- Electrical:** Electrical circuits that are wired with Romex, are in good condition, and are on modern circuit breakers, not fuses. (In some areas, homes of this vintage are still on fuses.) If replaced or updated, please give date and extent of work done.
- Plumbing:** Copper or plastic pipes and modern fixtures that are in good condition. If replaced or updated, please provide date and extent of work done.
- Heating:** A thermostatically-controlled heating system. If the system has been replaced or updated, please provide the date of completion and extent of work done.

Note: Homes that are over 40 years old must be up-to-code and must be submitted at least 30 days prior to the effective date for approval and binding authority.



## UNUSUAL HAZARDS LIST

Risks that include the following hazards are **not** the type of Homeowners risk we are seeking to write.

- Duplexes, Condominiums, Townhouses or any dwelling sharing a common wall or roof line with another.
- Risks with swimming pools that have a diving board and/or slide.
- Risks that have aggressive dogs or breeds of dog that are known to have aggressive tendencies. Examples include -- but are not limited to -- **Pit Bulls, Doberman Pinschers, Rottweilers, Bull Mastiffs, Akitas, Chows, and Wolf Hybrids.**
- Risks those are located within 2,500 feet of any significant brush exposure. If the roof is tile or concrete tile, 500 feet is sufficient distance.
- Homes that are more than two stories in height or are more than two levels. (This includes basements.)
- Risks that are modular or mobile homes.
- Risks that have had two or more losses within the past three years.
- Risks that have more than two **Named Insureds**. If someone is helping the insured to qualify for financing, they can be added as an additional insured providing they do not reside in the same household and we have their residence address.
- Risks that are used to house horses, which have livestock or which are built on more than 5 acres.
- Risks that are less than 1,000 feet from an ocean.
- Risks that include trampolines.
- Risks built on a slope or on a waterfront.
- Risks that are seasonal, secondary, vacant or otherwise unoccupied.
- Risks that are located in commercial areas or areas that are in transition from single-family to multiple residential or commercial.
- Risks with physical security devices such as window guards, spikes or barbed wire on fences, etc. Exception: window guards with “popouts”.
- Homes built on known unstable soil (sink hole exposure or on filled land).



### **UNACCEPTABLE PROPERTY EXAMPLES**

The following examples would make a property unacceptable without any further consideration; please do not submit for underwriting consideration.

- Isolated properties, i.e.: Protection Class 8, 9 & 10
- Vacant and unoccupied properties, with the exception of a seasonal or vacation property owned by the primary insured, and with the exception that a property under construction is not considered vacant or unoccupied.
- *Properties requiring specialized construction techniques, i.e.: log cabins, geodesic domes.*
- Structures utilizing a floor furnace as a heating source.
- Structures utilizing a wood stove as the primary heating source.



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## Mid-State Mutual Insurance Company General Rules

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### **ADDITIONAL INSURED**

Generally co-owners, executors, administrators, trustees, and beneficiaries may be named as additional named insureds on the policy. In the case of co-owners, the named insured will be the occupant of the residence with the remaining owners listed as additional named insureds. A policy should not have more than two **Named Insureds**. If someone is helping the insured qualify for financing, they can be added as an additional insured providing they do not reside in the same household and we have their residence address. (Governmental Agencies or Departments will not be permitted as Additional Named Insureds.)

### **BINDERS**

A binder for no more than 30 days may be issued. Remember to bind only those properties that meet the underwriting requirements of the Company. The binder shall not include Personal Liability Limits exceeding \$500,000.

Copies of all binders must be submitted to the Company within 24 hours of their effective date and must be within the agent's binding authority limits.

### **BUSINESS PURSUITS**

Some insureds may have business operation exposure while being employed by someone else and are not self-employed. The Business Pursuits Coverage can cover these exposures. (See the "Homeowners Program" section of this manual and endorsement HO 24 71.)

### **CLAIMS REPORTING**

Written notice of loss *will* be forwarded to the Company *immediately upon notification to Agent* as soon as possible. Losses are to be reported on the proper ACORD form. Water damage losses, major fire losses, and all liability losses involving bodily injury should be called or faxed into the Claims Department *upon notification*.

### **COMPREHENSIVE PERSONAL LIABILITY**

CPL coverage will be written only when the coverage is an integral part of a Homeowners policy or added to basic property coverage of a Fire policy. The minimum liability limit for a new business shall be \$300,000/\$1,000. Charges for increased limits may be found in the rating section.



**DOMESTIC EMPLOYEES**

Comprehensive Personal Liability affords Workers Compensation coverage for Domestic Employees. There is a charge for the Occasional Residential Employee built into all premium charges.

**FINANCING, POLICY PREMIUM PAYMENT PLAN**

Money is required with all new business submissions, unless an impound account is involved. If an annual policy is to be issued, a check for the annual premium, or a 25% down payment, must accompany the application.

If the insured is to pay the premium and does not wish to pay the entire annual premium, the insured may elect to use either the Two Payment or Four Payment options detailed below, by submitting the first installment payment prior to the effective date of the policy (plus \$3.00 installment fee).

The Company offers the following payment plans:

**Note: All billings are direct bill**

<b>Plan #</b>	<b>Plan</b>	
<b>100</b>	Full Payment	Billed at issuance of policy for Total Premium due on inception date. (No Service Charge)
<b>2 pay</b>	Two Payments	1st payment due at inception for 50% of total. 2nd payment due in 6 months. (\$3.00 Service Charge)
<b>403</b>	Four Payments	40% Down Payment plus 3 quarterly installments – each installment carries a \$3.00 Service Charge added at the time of the billing.



## **BILLING CYCLE**

**First billing** is sent to the agent with the new policy. The premium is due immediately or on the policy inception date. We require a down payment with the application.

**Renewal billings** are sent out approximately 20 days before the renewal date.

**Late payment notices** are sent directly to the insured 5 days after the policy due date.

**Pre-Cancellation notices** are sent to the insured and agent - or the mortgagee, insured and agent, if Mortgagee is to pay premium – 12 days after the policy due date or installment due date.

**Notices of Cancellation** are sent to insured, agent and mortgagee 20 days after due date. This is a 10-day notice. Payment must be received in our office by the cancellation date to be eligible for reinstatement.

If at any time while we cover a risk a Notice of Cancellation is sent out for a **second time, we will not reinstate**. If payment is received it will be applied to any earned premium and whatever is unearned will be returned.

**A non-pay cancellation** will be sent out on the installment due date if payment has not been received.

## **CANCELLATIONS**

No basic or mandatory coverage can be cancelled without the entire policy being cancelled. If insurance is cancelled at the request of either the insured or the Company, the earned premium shall be computed on a pro rata basis.

The insured may cancel the policy at any time during the policy period by returning the original policy or submitting a signed Lost Policy Release to the Company. Backdating a cancellation is not acceptable without supporting evidence of a similar coverage or a release of insurable interest such as Escrow Documents.

### **Non-Pay Cancellations**

**New:** Non-pay cancellations will be mailed by the Company 20 days after the policy has been mailed if the premium remains unpaid.

**Renewal:** the Company will mail Non-pay cancellations when the premium remains unpaid on the renewal date.



### **Cancellation Restrictions**

Policies which have been in effect for 60 days or more can be cancelled by the Company only after sending the insured 30 days notice and then only for one of the following reasons:

1. Conviction of a crime which involves increasing the hazard;
2. Discovery of fraud or material misrepresentation;
3. Discovery of grossly negligent acts or omissions which substantially increase the hazard;
4. Physical changes in the property that makes it uninsurable.

### **HOMEOWNER'S EXTRA COVERAGE ENDORSEMENT**

This endorsement provides an extension of coverage that expands the basic ISO Homeowners 3 form. Refer to the Homeowners Policy section for specific rules and rating.

### **LIBERALIZATION CLAUSE**

If during the policy period, any broadened coverages are adopted without additional premium charge, those broadened coverages will immediately apply.

### **MID-TERM CHANGES**

For increases in amount, the additional premium shall be pro rata of the difference in appropriate term premium for the revised and former amounts of insurance, both based on current premium tables. For reductions in amount, the return premium shall be pro rata of the difference in appropriate term premiums for the revised and former amounts of insurance. Both are based on the premium table in effect when coverage is attached.

### **MINIMUM ADDITIONAL PREMIUM CHARGE**

No additional premium is charged when the amount involved is less than \$5.00.

### **NON-RENEWAL**

Company-Initiated: If the Company decided not to renew a policy at the end of a term, Notice of Non-Renewal will be sent at least 45 days in advance of the policy expiration date. The notice of Non-Renewal will be sent to the insured, the mortgagee, and the agent.



### **ADDITIONAL RESIDENCE PREMISES**

We will furnish the HO 24 70 (Additional Residence Premises, Rented to Others) endorsement under a Homeowners policy. Endorsement is limited to rentals with not more than two (2) family units in each property.

### **PERSONAL INJURY LIABILITY**

The homeowners policy can be endorsed to provide coverage for personal injury to others. This includes coverage for false arrest, malicious prosecution, wrongful eviction, slander, libel, or privacy violations. Use Personal Injury Endorsement (HO 24 82). Occupations such as lawyers, politicians, and actors are unacceptable.

### **SECONDARY RESIDENCE**

Coverage will be considered for a secondary dwelling principally used for residential purposes, provided the primary insurance is with this company and the dwelling meets eligibility requirements.

### **RENEWALS**

Renewals are automatically prepared and sent approximately 60 days before the renewal date. The renewal rates will be those rates in effect at the time.

New forms or endorsements will be issued only in cases where they have been revised.

### **VACANT AND/OR UNOCCUPIED BUILDINGS**

Vacant, seasonal, secondary, or otherwise unoccupied buildings may not be written, although a Company underwriter should be contacted if a special condition exists that might lead to insurability. Buildings in the Course of Construction will not be considered as being vacant or unoccupied.

### **VACANT/UNUSED LAND**

CPL coverage of vacant land is automatically covered under the Homeowners policy.

### **WHOLE DOLLAR RULE**

Round off all premiums and totals to whole dollars. Drop amounts of \$.49 or less and raise amounts of \$.50 or more to the next whole dollar.



**TRANSFER OR ASSIGNMENT**

Transfer or assignment of insurance to a new owner is not permitted

**EARTHQUAKE COVERAGE – MS-EQ**

Coverage can be provided by endorsement and applies to all Section I coverages for the same limits as provided under the policy. See separate Earthquake section for details.

**EARTHQUAKE COVERAGE – RECONSTRUCTION COSTS (MS-EQR)**

Coverage can be provided by endorsement for Reconstruction Cost Coverage, with a \$10,000 limit of liability. See separate Earthquake section for details.

**UNSCHEDULED PERSONAL PROPERTY ITEMS**

Increased limits certain personal property (MS-CPP) \$10.00  
Increased limits unscheduled silverware (HO 04 65) (Not to exceed **\$5,000.00**)

**UNSCHEDULED JEWELRY, WATCHES AND FURS**

The special limit for theft of unscheduled jewelry, watches and furs may be increased to an aggregate limit of \$2,000 (but not exceeding \$1,000 for any one item.) The additional premium shall be \$4.00 per \$1,000.00.

\*Use Endorsement HO 04 65

**COVERAGE FOR OTHER STRUCTURES**

Increased Limits

(Rates for structure used by member of the Insured's Household)

An additional amount of insurance may be written on other structures under Coverage B. Apply a rate of \$2.00 per \$1,000

\*Use Endorsement HO 04 48

Rented to Others



The Homeowners Policy may be endorsed to provide coverage for other structures on the described premises, rented or held for rental to others, provided such structure is used for residential purposes and is not occupied by more than two roomers or boarders per family.

Add Liability Section II charge for Additional Residence Premises – Rented to Others. See the Liability section.

\*Use Endorsement HO 24 70.

**EXTENDED REPLACEMENT COST – DWELLING (HO 03 00 ONLY)**

The Homeowners Policy may be endorsed to provide for extended replacement cost coverage on the dwelling subject to the following:

1. The dwelling is insured for 100% of replacement cost as determined by the Company at the time the endorsement is attached.
2. The insured agrees to notify the Company within 90 days of the start of construction of any dwelling alterations that increase the replacement cost of the dwelling \$5,000 or more.
3. The dwelling must be repaired or replaced in the event of loss.
4. Amount recoverable is limited to **150%** of dwelling coverage (Coverage A or Coverage B).
5. The dwelling must be well maintained and owner-occupied. Older homes must be *updated*.
6. Dwelling located in PC 7 or better.
7. All homes must be equipped with a smoke detector or local fire alarm.

<b>Extended Replacement Cost Coverage *</b>	
<b>Optional Coverage</b>	<b>Cost</b>
Premium per dwelling (Extended MS-DRC)	\$10.00
Replacement cost contents (MS-RPP)	10% of <b>adjusted base premium</b> (\$25.00 minimum charge)
Replacement cost composite (MS-RCC)	15% of <b>adjusted base premium</b> (\$35.00 minimum charge)

\* Comprised of Replacement Cost Dwelling (MS-DRC), Replacement Cost Contents (MS-RPP), Increased Limits on Certain Personal Property (MS-CPP), Increased Coverage C to 70% and Increased Coverage D to 40%.



**ORDINANCE OR LAW COVERAGE**

Ordinance or Law coverage at 10% is included on all policies. **All dwellings up to 5 years old include Ordinance or Law coverage at 50% at no charge.**

The additional charge for this coverage is based on the age of the dwelling. To calculate the premium, multiply the Adjusted Base Premium by the appropriate percentage from the following table:

**Ordinance or Law Rates**

Age of Dwelling	% to Apply
1 to 5 years old	INCLUDED
6 years old	1%
7 years old	2%
8 years old	3%
9 years old	4%
10 years old	5%
11 years old	6%
12 years old	7%
13 years old	8%
14 years old	9%
15 to 20 years old	10%
21 to 35 years old	15%
36 years old	20%

\*Use Endorsement HO 04 77

**WORKER’S COMPENSATION COVERAGE FOR RESIDENCE EMPLOYEES – (HO 24 90)**

It is required by state law that all policies containing Comprehensive Personal Liability insurance include Workers Compensation coverage on Residence Employees who work more than the threshold requirements for hours worked and pay received.



**SCHEDULED PERSONAL PROPERTY LIMITATIONS**

Women's jewelry.....	\$15,000.00 (earrings \$2,000.00 per set)
Men's jewelry.....	\$5,000.00
Furs.....	\$7,500.00
Silverware.....	\$3,500.00
Musical Instruments.....	\$2,500.00
Cameras.....	\$1,500.00
Overall – 25% of Coverage A (\$35,000 maximum)	



**SCHEDULED PERSONAL PROPERTY RATES**

Scheduled items must be supported by an appraisal or a sales receipt **dated within the last two (2) years** and contain a complete description of the item including the age, model number and serial number where appropriate.

Schedule requests predicated on sales slips must be accompanied by a typed description of the item and its cost.

1. Round to the nearest dollar the premium shown for each class of property. Fifty cents or more goes to the higher dollar.
2. For items not listed, refer to the Company.
3. All rates shown are expressed on a basis per \$100 of insurance.
4. Minimum Premium: \$10.00 per year applicable to each class.

<b>A. Camera, Non-Commercial use only</b> Each piece of equipment must be individually described and valued. Make, model, serial number, and date of purchase must be submitted with application.	\$1.85
<b>B. Fine Arts (no breakage coverage)</b>	\$ .50
<b>C. Furs</b> Los Angeles County and Palm Springs Balance of the state Appraisal by a reliable furrier is required on new business or a bill of sale if newly purchased.	\$1.50 \$ .70
<b>D. Golfers' Equipment, excluding golf mobiles</b>	\$1.50
<b>E. Jewelry</b> Los Angeles County and Palm Springs Balance of the state IF AMOUNT FOR ANY ONE ITEM DOES NOT EXCEED INDIVIDUAL ITEM LIMITS. Appraisal must be submitted with application for all amounts. For items over \$7,500, submit to company. DO NOT BIND.	\$3.00 \$1.50
<b>F. Musical Instruments, Non-Professional use only</b> Organs - Not of a Mobile Nature – Refer to Company	\$1.00
<b>G. Silverware</b>	\$ .60
<b>H. Stamp Collections</b>	\$ .65



**LIABILITY COVERAGE**

1. Personal Injury (HO 24 82)

<b>Personal Injury Liability Rates</b>			
<b>Liability Limit</b>			
<b>Coverage E</b>	\$100,000.00	\$300,000.00	\$500,000.00
	\$10.00	\$13.00	\$19.00

2. Primary Residence, Section II Increased Limits

<b>Main Residence Liability Rates</b>		
<b>Liability</b>	<b>Medical</b>	<b>Main Residence</b>
\$100,000.00	\$1,000.00	Included
\$300,000.00	\$1,000.00	\$20.00
\$500,000.00	\$1,000.00	\$34.00

3. Additional Residence Premises – Rented to Others, Section II Increased Limits (HO 24 70)

<b>Additional Residence Rented to Others – Liability Rates</b>			
<b>Liability</b>	<b>Medical</b>	<b>One Family</b>	<b>Two Family</b>
\$100,000.00	\$1,000.00	\$20.00	\$30.00
\$300,000.00	\$1,000.00	\$25.00	\$38.00
\$500,000.00	\$1,000.00	\$28.00	\$40.00

Note: The HO 24 70 endorsement is limited to rentals with not more than two family units in each property.

#### 4. Business Pursuits (HO 24 71)

Premiums for Business Pursuits, when added to Comprehensive Personal Liability: Business Pursuits provides for the liability of an insured arising out of business activities, other than a business of which he is a sole owner or partner. When coverage is provided for the liability of the Insured arising out of business activities, other than a business of which he is owner or partner or maintains financial control, classify and apply separately for each person insured.

#### **Classifications:**

- A. Clerical Office Employees, Salesmen, Collectors or Messengers: no installation, demonstrations or servicing operations. Those employees whose duties are confined to keeping the books or records and/or conducting correspondence, or who are wholly in office work where such books or records are kept or where such correspondence is conducted, having no other duty of any nature in or about the employer's premises. This classification applies only to persons who are employed exclusively in separate buildings or on separate floors of buildings or in departments on such floors which are separated from all other work places of the employer by structural partitions and within which no work is performed other than clerical office duties.
- B. Salesmen, Collectors or messengers: including installations, demonstrations or servicing operations.
- C. Teachers: Athletics, Laboratory, Manual Training, Physical Training and Swimming Instruction, excluding liability for corporal punishment of pupils – refer to Company.
- D. Teachers: not otherwise classified, excluding liability for corporal punishment of pupils.

Occupations not otherwise classified – refer to Company.



## **Mid-State Mutual Insurance Company Earthquake Coverage Program**

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### **GENERAL**

Earthquake coverage is written as an endorsement to Mid-State Mutual Insurance Company's Homeowners or Dwelling Fire policies. The rates and rules are the same for both Homeowners and Dwelling Fire policies.

California law requires us to offer earthquake coverage to our insureds at their option. This coverage may be purchased at an additional cost. The insured must ask the Company to add Earthquake coverage within 30 days from the date of mailing of the Earthquake Coverage Notice or it shall be conclusively presumed that they have not accepted the offer. The coverage will not be available to them for two years if not accepted as above.

### **MORATORIUM**

If an earthquake should occur and a client contacts you requesting coverage, our policy is as follows:

1. There will be a 30-day Moratorium from the time an earthquake is registered and hits a reading of 5.0 or higher.
2. The Moratorium will apply to the county where the earthquake occurred and all adjacent counties.
3. If the registered reading is less than 5.0, the Moratorium will not apply.

#### **(1) DESCRIPTION OF COVERAGE**

##### **1. Basic Earthquake Coverage**

Earthquake coverage is written with a separate, single, aggregate EARTHQUAKE LIMIT that applies to the covered dwelling, other structures, personal property or additional living expense. This EARTHQUAKE LIMIT is different from the policy limits that apply to other perils insured against and is shown separately on the Declaration page. The insured is given the option of picking the earthquake limit that they want. The limit cannot be lower than Coverage A levels. The minimum earthquake limit is \$100,000.

If the amount to be paid for the actual earthquake damage to the insured property, plus the amount to be paid for any applicable Additional Living Expense



coverage, is more than the EARTHQUAKE LIMIT, an additional \$1,500 is provided for Additional Living Expense. This is Coverage D – Loss of Use, in the Homeowners policy or Coverage E – Additional Living Expense, in the Dwelling Fire Policy.

Engineering Services and Demolition Cost

Mid-State Mutual will pay up to 5% of the EARTHQUAKE LIMIT for payment of services, except as provided by public entities, for the purpose of structural engineering costs to determine the habitability of the residential dwelling or coverage for the homeowner's liability for the actual costs of residential dwelling demolition due to structural condemnation as the result of damage or loss from the peril of earthquake. This coverage is additional insurance.

**Use endorsement MS-EQ for EARTHQUAKE for both Homeowners and Dwelling Fire policies.**

**2. Reconstruction Cost Coverage**

This optional coverage is available only if the insured has basic earthquake coverage and after the insured has completed and the insured has verified steps to fit or retrofit the insured residential dwelling to reduce the earthquake damage hazard.

For an additional premium, we will pay up to ten thousand dollars (\$10,000.00) for the purpose of reconstruction costs required to bring the insured residential dwelling up to required current local residential building code standards, as required by the local government entity as part of the approval of the reconstruction permit process after a covered loss from the peril of earthquake. This coverage is additional insurance.

**Use endorsement MS-EQR – Reconstruction Cost.**

**DEDUCTIBLE**

The earthquake deductible is 10% of the EARTHQUAKE LIMIT. The deductible applies to the total loss for all covered property per occurrence.

**Note:** Both Homeowners and Dwelling Fire Policies will be subject to a \$100,000 minimum Earthquake limit.



## EARTHQUAKE RATES

### Built 1945 & After

Construction Type		
Earthquake Class	Frame Rate per \$1,000.00	Masonry Rate per \$1,000.00
1	\$2.00	\$ 7.00
2	\$4.00	\$35.00
3	\$3.50	\$14.00
4	\$5.00	\$50.00
5	\$4.25	\$35.00
6	\$9.00	\$50.00

### Built prior to 1945

Construction Type		
Earthquake Class	Frame Rate per \$1,000.00	Masonry Rate per \$1,000.00
1	\$4.50	\$14.00
2	\$5.25	\$50.00
3	\$5.00	\$25.00
4	\$6.00	\$50.00
5	\$6.00	\$50.00
6	\$12.00	\$50.00

OUR EARTHQUAKE COVERAGE IS A BLANKET COVERAGE. **ADD COVERAGES A, B, C & D TOGETHER BEFORE MULTIPLYING BY ABOVE RATE. IF THE CUSTOMER DESIRES A LOWER AMOUNT OF COVERAGE, WE MUST HAVE A SIGNED STATEMENT FROM THE CUSTOMER, CONFIRMING THAT THEY REALIZE THEY ARE NOT PURCHASING THE FULL AMOUNT OF COVERAGE TO COVER THEIR RISK. THE MINIMUM AMOUNT OF EARTHQUAKE COVERAGE AVAILABLE IS THE LIMIT OF COVERAGE A**



## Claims

**Claims Fax:** (831) 636-3792

### Contacts

Ron Mingus	Claims Manager	ron@mid-statemutual.com
Dorian Gonzales	Claims Assistant	rekha@mid-statemutual.com

## Reinsurers and Treaty Limits

### 1) Primary Reinsurers:

- ▶ **American Reinsurance** - A M Best Rating - A (Excellent)  
Policyholder Surplus- \$3.5 Billion
- ▶ **Hannover Reinsurance** - A M Best Rating - A (Excellent)  
Policyholder Surplus - \$3.7 Billion
- ▶ **Lloyds Syndicates**

### 2) Treaty Limits:

- ▶ **Property Limits** - \$6 million
- ▶ **Liability Limits** - \$2 million