



HOME/RENTERS/CONDO/DWELLING FIRE QUOTE REQUEST

Date:

APPLICANT INFORMATION

First Name: _____ Last Name: _____

How did you hear about us?

DL Status: _____ Gender: _____

Date of Birth: _____ Marital Status: _____

SSN: _____ Education: _____

Occupation: _____

Industry: _____ How many years? _____

CONTACT INFORMATION

Address Line #1: _____

Address Line #2: _____

City: _____ State: _____

County: _____ Zip Code: _____

Time at Address: _____

Email: _____

Phone Number: _____

DWELLING ADDRESS (if different from above)

Address Line #1: _____

Address Line #2: _____

City: _____ State: _____

County: _____ Zip Code: _____

Time at Address: _____

CO-APPLICANT INFORMATION

Relationship: _____

First Name: _____ Last Name: _____

DL Status: _____ Gender: _____

Date of Birth: _____ Marital Status: _____

SSN: _____ Education: _____

Occupation: _____

Industry: _____ How many years? _____

Email: _____

FINANCIALS

How many active mortgages are on the property?

Was there a cosigner? Yes No

Is there a Home Equity Line of Credit taken out on the property? Yes No

GENERAL POLICY INFORMATION

Prior Insurance Policy: Yes No

If Yes, please provide details below:

Prior Insurance Carrier: _____

Policy Effective Date: _____

Policy Expiration Date: _____

If None, Reason for No Prior: _____

Has property insurance been cancelled, declined or non-renewed in the last 5 yrs? Yes No

Is there a business or daycare on the premises? Yes No

If yes, # of Employees: _____

DWELLING DETAILS

Property Type: _____

Occupancy of the Property: _____

Year Built: _____ Purchase Price: _____

Purchase Date: _____ Move-in Date: _____

Area (Sq.Ft.) # Stories: _____

Units: _____ # Beds: _____ # Baths: _____ # Kitchens: _____

CONSTRUCTION INFORMATION

Is the home under construction? Yes No

Basement: No Yes , what type: _____

% Finished: _____ # Baths: _____

Gas/Wood Fireplace Yes No

Wood/Pellet Stove Yes No

Swimming Pool: No Yes

If Yes, Slide? Yes No Fenced? Yes No

Trampoline? Yes No

Specialty: _____

Garage: No Yes , what type: _____

Cars: _____ Area (Sq.Ft.) _____

LOSS PREVENTION (select all that apply)

Smoke Detector Fire Extinguisher Dead Bolt

Local Alarm Central Theft Central Fire

Sprinkler Other: _____

Outside Structures: No Yes

If Yes, what type: _____ Area (Sq.Ft.) _____

UPDATES TO THE DWELLING

Heating: No Yes , what type:

How Much? (%) Year Updated:

Electrical: No Yes , wiring type:

How Much? (%) Year Updated:

Plumbing: No Yes , pipe type:

How Much? (%) Year Updated:

Roofing: No Yes , what type:

How Much? (%) Year Updated:

ADDITIONAL QUESTIONS

Are there dogs on the premises? No Yes, if Yes:

Breed:

Bite History (If any):

Is this home vacant or up for sale? No Yes, if Yes:

Reason for Sale or Vacancy:

Expected Length of Time:

Earthquake and Flood are excluded from this policy. Did you want

an Earthquake or Flood quote? No Yes

If Yes (select all that apply) Earthquake Flood

Do you own any other properties, rental homes, vacation homes

or any other land? No Yes, provide details:

Liability Company:

Address of Liability Company:

Do you serve on any Charitable, Social, or Government boards or

have any non-compensated positions? No Yes, if yes:

Type of Board: Position:

RENTERS ONLY

Does the landlord/property management company need to be

listed? No Yes, if yes:

Name:

Address:

RENTAL PROPERTY ONLY (DWELLING FIRE)

Do you require all tenants to have a renter's policy? Yes No

Do you have a property management company? Yes No

If Yes, Does the Management Company need to be listed on your
policy? No Yes, if yes:

Name:

Address:

Do you employ any Domestic Employees (Maid, Nanny, etc)?

No Yes. If Yes, type of employee:

Do you have any boarders or roommates? No Yes, if Yes:

Type:

Do you require background and credit checks for each tenant?

Yes No, if No:

What kind of check do you utilize for tenants?

Do you require a signed lease and a security deposit?

No Yes, if Yes:

Lease Term Length:

How often do you inspect the dwelling?

What does the inspection include? (select all that apply)

Interior Plumbing Heating

Electrical None

Other (Description):

Are you aware of any condition or maintenance issues?

No Yes If Yes, List Damage:

HOME/CONDO ONLY

Is this home titled in a name other than those listed above?

No Yes, if Yes provide details below:

Name (Trust, LLC, etc.):

Do you own, breed or foster any animals? No Yes, if Yes:

Breed: Sex:

Age: Spade/Neutered:

Training:

Bite History:

Do you own any Jewelry, Furs, Firearms, Antiques, Gold /
Silverware, Stamps, Coins, Musical Instruments, Sports Equipment,
or Fine Art? No Yes, if Yes:

Description:

Value:

Do you own any tools, equipment, or other property used in your
trade, business, or profession? No Yes, if Yes:

Description of Property:

Do you have a non-owned property in your care, custody, or
control exceeding a value of \$1000? No Yes, if Yes:

Description:

Value:

Do you own any Boat, Jetski, Wave runner, Golf Cart, Dirt Bike,
ATV, Snowmobile, Dune Buggy, Riding Mower, Tractor, or Aircraft?

No Yes. If Yes:

Type: Make/Model:





COMMERCIAL GENERAL LIABILITY SECTION

AGENCY CUSTOMER ID: _____

DATE (MM/DD/YYYY)

AGENCY		CARRIER		NAIC CODE
POLICY NUMBER		EFFECTIVE DATE	APPLICANT / FIRST NAMED INSURED	

**IMPORTANT - If CLAIMS MADE is checked in the COVERAGE / LIMITS section below, this is an application for a claims-made policy.
Read all provisions of the policy carefully.**

COVERAGES		LIMITS			
COMMERCIAL GENERAL LIABILITY		GENERAL AGGREGATE \$		PREMIUMS	
<input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCURRENCE		LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> LOCATION		PREMISES/OPERATIONS	
OWNER'S & CONTRACTOR'S PROTECTIVE		PROJECT <input type="checkbox"/> OTHER:			
DEDUCTIBLES		PRODUCTS & COMPLETED OPERATIONS AGGREGATE \$		PRODUCTS	
PROPERTY DAMAGE \$		PERSONAL & ADVERTISING INJURY \$		OTHER	
BODILY INJURY \$		EACH OCCURRENCE \$			
\$		DAMAGE TO RENTED PREMISES (each occurrence) \$			
		MEDICAL EXPENSE (Any one person) \$		TOTAL	
		EMPLOYEE BENEFITS \$			
		\$			

OTHER COVERAGES, RESTRICTIONS AND/OR ENDORSEMENTS (For hired/non-owned auto coverages attach the applicable state Business Auto Section, ACORD 137)

APPLICABLE ONLY IN WISCONSIN: IF NON-OWNED ONLY AUTO COVERAGE IS TO BE PROVIDED UNDER THE POLICY:

1. UM / UIM COVERAGE IS IS NOT AVAILABLE. 2. MEDICAL PAYMENTS COVERAGE IS IS NOT AVAILABLE.

SCHEDULE OF HAZARDS (ACORD 211, Schedule of Hazards, may be attached if more space is required)

LOC #	HAZ #	CLASS CODE	PREMIUM BASIS	EXPOSURE	TERR	RATE		PREMIUM	
						PREM / OPS	PRODUCTS	PREM / OPS	PRODUCTS

CLASSIFICATION DESCRIPTION

LOC #	HAZ #	CLASS CODE	PREMIUM BASIS	EXPOSURE	TERR	RATE		PREMIUM	
						PREM / OPS	PRODUCTS	PREM / OPS	PRODUCTS

CLASSIFICATION DESCRIPTION

LOC #	HAZ #	CLASS CODE	PREMIUM BASIS	EXPOSURE	TERR	RATE		PREMIUM	
						PREM / OPS	PRODUCTS	PREM / OPS	PRODUCTS

CLASSIFICATION DESCRIPTION

RATING AND PREMIUM BASIS (S) GROSS SALES - PER \$1,000/SALES	(P) PAYROLL - PER \$1,000/PAY (A) AREA - PER 1,000/SQ FT	(C) TOTAL COST - PER \$1,000/COST (M) ADMISSIONS - PER 1,000/ADM

CLAIMS MADE (Explain all "Yes" responses)

EXPLAIN ALL "YES" RESPONSES	Y / N
1. PROPOSED RETROACTIVE DATE:	
2. ENTRY DATE INTO UNINTERRUPTED CLAIMS MADE COVERAGE:	
3. HAS ANY PRODUCT, WORK, ACCIDENT, OR LOCATION BEEN EXCLUDED, UNINSURED OR SELF-INSURED FROM ANY PREVIOUS COVERAGE?	
4. WAS TAIL COVERAGE PURCHASED UNDER ANY PREVIOUS POLICY?	

EMPLOYEE BENEFITS LIABILITY

1. DEDUCTIBLE PER CLAIM: \$	3. NUMBER OF EMPLOYEES COVERED BY EMPLOYEE BENEFITS PLANS:
2. NUMBER OF EMPLOYEES:	4. RETROACTIVE DATE:

CONTRACTORS

EXPLAIN ALL "YES" RESPONSES (For all past or present operations)

Y / N

1. DOES APPLICANT DRAW PLANS, DESIGNS, OR SPECIFICATIONS FOR OTHERS?

2. DO ANY OPERATIONS INCLUDE BLASTING OR UTILIZE OR STORE EXPLOSIVE MATERIAL?

3. DO ANY OPERATIONS INCLUDE EXCAVATION, TUNNELING, UNDERGROUND WORK OR EARTH MOVING?

4. DO YOUR SUBCONTRACTORS CARRY COVERAGES OR LIMITS LESS THAN YOURS?

5. ARE SUBCONTRACTORS ALLOWED TO WORK WITHOUT PROVIDING YOU WITH A CERTIFICATE OF INSURANCE?

6. DOES APPLICANT LEASE EQUIPMENT TO OTHERS WITH OR WITHOUT OPERATORS?

DESCRIBE THE TYPE OF WORK SUBCONTRACTED	\$ PAID TO SUB-CONTRACTORS:	% OF WORK SUBCONTRACTED:	# FULL-TIME STAFF:	# PART-TIME STAFF:
---	-----------------------------	--------------------------	--------------------	--------------------

PRODUCTS / COMPLETED OPERATIONS

PRODUCTS	ANNUAL GROSS SALES	# OF UNITS	TIME IN MARKET	EXPECTED LIFE	INTENDED USE	PRINCIPAL COMPONENTS

EXPLAIN ALL "YES" RESPONSES (For all past or present products or operations) PLEASE ATTACH LITERATURE, BROCHURES, LABELS, WARNINGS, ETC.

Y / N

1. DOES APPLICANT INSTALL, SERVICE OR DEMONSTRATE PRODUCTS?

2. FOREIGN PRODUCTS SOLD, DISTRIBUTED, USED AS COMPONENTS? (If "YES", attach ACORD 815)

3. RESEARCH AND DEVELOPMENT CONDUCTED OR NEW PRODUCTS PLANNED?

4. GUARANTEES, WARRANTIES, HOLD HARMLESS AGREEMENTS?

5. PRODUCTS RELATED TO AIRCRAFT/SPACE INDUSTRY?

6. PRODUCTS RECALLED, DISCONTINUED, CHANGED?

7. PRODUCTS OF OTHERS SOLD OR RE-PACKAGED UNDER APPLICANT LABEL?

8. PRODUCTS UNDER LABEL OF OTHERS?

9. VENDORS COVERAGE REQUIRED?

10. DOES ANY NAMED INSURED SELL TO OTHER NAMED INSUREDS?

ADDITIONAL INTEREST / CERTIFICATE RECIPIENT **ACORD 45 attached for additional names**

INTEREST <input type="checkbox"/> ADDITIONAL INSURED <input type="checkbox"/> EMPLOYEE AS LESSOR <input type="checkbox"/> LENDER'S LOSS PAYABLE <input type="checkbox"/> LIENHOLDER <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> MORTGAGEE	NAME AND ADDRESS RANK: _____ EVIDENCE: _____ CERTIFICATE: _____ REFERENCE / LOAN #: _____	INTEREST IN ITEM NUMBER	
		LOCATION: _____	BUILDING: _____
		ITEM CLASS: _____	ITEM: _____
		ITEM DESCRIPTION	

GENERAL INFORMATION

EXPLAIN ALL "YES" RESPONSES (For all past or present operations)		Y / N												
1. ANY MEDICAL FACILITIES PROVIDED OR MEDICAL PROFESSIONALS EMPLOYED OR CONTRACTED?														
2. ANY EXPOSURE TO RADIOACTIVE/NUCLEAR MATERIALS?														
3. DO/HAVE PAST, PRESENT OR DISCONTINUED OPERATIONS INVOLVE(D) STORING, TREATING, DISCHARGING, APPLYING, DISPOSING, OR TRANSPORTING OF HAZARDOUS MATERIAL? (e.g. landfills, wastes, fuel tanks, etc)														
4. ANY OPERATIONS SOLD, ACQUIRED, OR DISCONTINUED IN LAST FIVE (5) YEARS?														
5. DO YOU RENT OR LOAN EQUIPMENT TO OTHERS?														
<table border="1"> <thead> <tr> <th>EQUIPMENT</th> <th colspan="2">TYPE OF EQUIPMENT</th> <th>INSTRUCTION GIVEN (Y/N)</th> </tr> </thead> <tbody> <tr> <td></td> <td>SMALL TOOLS</td> <td>LARGE EQUIPMENT</td> <td></td> </tr> <tr> <td></td> <td>SMALL TOOLS</td> <td>LARGE EQUIPMENT</td> <td></td> </tr> </tbody> </table>		EQUIPMENT	TYPE OF EQUIPMENT		INSTRUCTION GIVEN (Y/N)		SMALL TOOLS	LARGE EQUIPMENT			SMALL TOOLS	LARGE EQUIPMENT		
EQUIPMENT	TYPE OF EQUIPMENT		INSTRUCTION GIVEN (Y/N)											
	SMALL TOOLS	LARGE EQUIPMENT												
	SMALL TOOLS	LARGE EQUIPMENT												
6. ANY WATERCRAFT, DOCKS, FLOATS OWNED, HIRED OR LEASED?														
7. ANY PARKING FACILITIES OWNED/RENTED?														
8. IS A FEE CHARGED FOR PARKING?														
9. RECREATION FACILITIES PROVIDED?														
10. ARE THERE ANY LODGING OPERATIONS INCLUDING APARTMENTS? (If "YES", answer the following):														
<table border="1"> <thead> <tr> <th># APTS</th> <th>TOTAL APT AREA</th> <th>DESCRIBE OTHER LODGING OPERATIONS</th> </tr> </thead> <tbody> <tr> <td>Sq. Ft.</td> <td></td> <td></td> </tr> </tbody> </table>		# APTS	TOTAL APT AREA	DESCRIBE OTHER LODGING OPERATIONS	Sq. Ft.									
# APTS	TOTAL APT AREA	DESCRIBE OTHER LODGING OPERATIONS												
Sq. Ft.														
11. IS THERE A SWIMMING POOL ON PREMISES? (Check all that apply)														
<input type="checkbox"/> APPROVED FENCE <input type="checkbox"/> LIMITED ACCESS <input type="checkbox"/> DIVING BOARD <input type="checkbox"/> SLIDE <input type="checkbox"/> ABOVE GROUND <input type="checkbox"/> IN GROUND <input type="checkbox"/> LIFE GUARD														
12. ARE SOCIAL EVENTS SPONSORED?														
13. ARE ATHLETIC TEAMS SPONSORED?														
<table border="1"> <thead> <tr> <th>TYPE OF SPORT</th> <th>CONTACT SPORT (Y/N)</th> <th>AGE GROUP</th> <th>13 - 18</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td><input type="checkbox"/></td> <td>12 & UNDER</td> </tr> <tr> <td></td> <td></td> <td><input type="checkbox"/></td> <td>OVER 18</td> </tr> </tbody> </table>		TYPE OF SPORT	CONTACT SPORT (Y/N)	AGE GROUP	13 - 18			<input type="checkbox"/>	12 & UNDER			<input type="checkbox"/>	OVER 18	
TYPE OF SPORT	CONTACT SPORT (Y/N)	AGE GROUP	13 - 18											
		<input type="checkbox"/>	12 & UNDER											
		<input type="checkbox"/>	OVER 18											
<table border="1"> <thead> <tr> <th>TYPE OF SPORT</th> <th>CONTACT SPORT (Y/N)</th> <th>AGE GROUP</th> <th>13 - 18</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td><input type="checkbox"/></td> <td>12 & UNDER</td> </tr> <tr> <td></td> <td></td> <td><input type="checkbox"/></td> <td>OVER 18</td> </tr> </tbody> </table>		TYPE OF SPORT	CONTACT SPORT (Y/N)	AGE GROUP	13 - 18			<input type="checkbox"/>	12 & UNDER			<input type="checkbox"/>	OVER 18	
TYPE OF SPORT	CONTACT SPORT (Y/N)	AGE GROUP	13 - 18											
		<input type="checkbox"/>	12 & UNDER											
		<input type="checkbox"/>	OVER 18											
EXTENT OF SPONSORSHIP:														
14. ANY STRUCTURAL ALTERATIONS CONTEMPLATED?														
15. ANY DEMOLITION EXPOSURE CONTEMPLATED?														

GENERAL INFORMATION (continued)

EXPLAIN ALL "YES" RESPONSES (For all past or present operations)			Y / N
16. HAS APPLICANT BEEN ACTIVE IN OR IS CURRENTLY ACTIVE IN JOINT VENTURES?			
17. DO YOU LEASE EMPLOYEES TO OR FROM OTHER EMPLOYERS?			
LEASE TO	WORKERS COMPENSATION COVERAGE CARRIED (Y/N)	LEASE FROM	WORKERS COMPENSATION COVERAGE CARRIED (Y/N)
18. IS THERE A LABOR INTERCHANGE WITH ANY OTHER BUSINESS OR SUBSIDIARIES?			
19. ARE DAY CARE FACILITIES OPERATED OR CONTROLLED?			
20. HAVE ANY CRIMES OCCURRED OR BEEN ATTEMPTED ON YOUR PREMISES WITHIN THE LAST THREE (3) YEARS?			
21. IS THERE A FORMAL, WRITTEN SAFETY AND SECURITY POLICY IN EFFECT?			
22. DOES THE BUSINESSES' PROMOTIONAL LITERATURE MAKE ANY REPRESENTATIONS ABOUT THE SAFETY OR SECURITY OF THE PREMISES?			

REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**SIGNATURE**

Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (or willfully)* presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully)* presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. *Applies in MD Only.

Applicable in CO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Applicable in FL and OK: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony (of the third degree)*. *Applies in FL Only.

Applicable in KS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Applicable in KY, NY, OH and PA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties (not to exceed five thousand dollars and the stated value of the claim for each such violation)*. *Applies in NY Only.

Applicable in ME, TN, VA and WA: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties (may)* include imprisonment, fines and denial of insurance benefits. *Applies in ME Only.

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in PR: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF THE APPLICANT AND REPRESENTS THAT REASONABLE INQUIRY HAS BEEN MADE TO OBTAIN THE ANSWERS TO QUESTIONS ON THIS APPLICATION. HE/SHE REPRESENTS THAT THE ANSWERS ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF HIS/HER KNOWLEDGE.

PRODUCER'S SIGNATURE	PRODUCER'S NAME (Please Print)		STATE PRODUCER LICENSE NO (Required in Florida)
APPLICANT'S SIGNATURE		DATE	NATIONAL PRODUCER NUMBER



AGENCY CUSTOMER ID:

FORMS AND ENDORSEMENTS SCHEDULE

Page _____ of _____

AGENCY	CARRIER	NAIC CODE
POLICY NUMBER	EFFECTIVE DATE	NAMED INSURED(S)

FORMS AND ENDORSEMENTS



ISO GL Class Code	Classification / General Description
10010	Air Conditioning Equipment—Dealers or Distributors Only
10015	Amusement Centers
10020	Amusement Parks
10026	Antique Stores
10036	Anhydrous Ammonia Dealers and Distributors
10040	Appliance Distributors—Household Type
10040	Appliance Stores—Household Type
10042	Appliance Stores—Household Type
10052	Archery Ranges—Indoor
10054	Archery Ranges—Other Than Indoor
10060	Army and Navy Stores
10065	Art Galleries—Other Than Not-For-Profit
10066	Art Galleries—Not-For-Profit Only
10070	Automobile Parts and Supplies Distributors
10071	Automobile Parts and Supplies Stores
10072	Automobile Quick Lubrication Services
10073	Automobile Repair or Service Shops
10075	Automobile Repair Shops—Self-Service
10100	Bakeries
10101	Boat Dealers
10105	Boat Storage and Moorage
10107	Boat Yards or Marinas—Public
10110	Boats—Canoes or Rowboats—for Rent—Not Equipped with Motors
10111	Barber or Beauty Shop Supplies Distributors
10113	Barber Shops
10115	Beauty Parlors and Hair Styling Salons
10117	Boats—Motor or Sail—Rented to Others
10119	Boats—Rented to Others NOC
10120	Bathhouses or Bathing Pavilions
10130	Bazaars—Operated by the Insured—Other Than Not-For-Profit
10132	Bazaars—Operated by the Insured—Not-For-Profit Only
10133	Beach Chairs and Umbrellas—Rented to Others
10135	Beaches—Bathing—Commercially Operated
10140	Beverage Distributors—Alcoholic Other Than Beer
10141	Beverage Distributors—Nonalcoholic and Beer
10145	Beverage Stores—Liquor and Wine
10146	Beverage Stores—Soft Drinks and Beer
10150	Bicycle Stores—Sales and Servicing

ISO GL Class Code	Classification / General Description
10151	Bicycles—Rented to Others
10160	Billiard or Pool Halls
10204	Books and Magazines Stores—Other Than Not-For-Profit
10205	Books and Magazines Stores—Not-For-Profit Only
10220	Bowling Lanes
10255	Building Material Dealers—Other Than Secondhand Material
10256	Building Material Dealers—Secondhand Material
10257	Building Material Distributors
10309	Camera and Photographic Equipment Stores
10315	Camper or Travel Trailer Sales Agencies
10331	Campgrounds—Other Than Not-For-Profit
10332	Campgrounds—Not-For-Profit Only
10352	Candy or Confectionery Stores
10367	Car Washes—Other Than Self-Service
10368	Car Washes—Self-Service
10375	Carnival or Circus Cos.
10378	Carnivals—Outside (Sponsor's Risk Only) Other Than Not-For-Profit
10379	Carnivals—Outside (Sponsor's Risk Only) Not-For-Profit Only
10380	Carnivals or Circuses—In Tents (Sponsor's Risk Only) Other Than Not-For-Profit
10381	Carnivals or Circuses—In Tents (Sponsor's Risk Only) Not-For-Profit Only
11007	Carpet, Rug or Upholstery Cleaning—Shop Only
11007	Carpet, Rug, or Upholstery Cleaning—Shop Only
11020	Catalog or Premium Coupon Redemption Stores
11039	Caterers
11052	Chairs—Rented to Others
11101	Chemical Distributors
11126	Clothing or Wearing Apparel Distributors
11127	Clothing or Wearing Apparel Stores—Other Than Not-For-Profit
11128	Clothing or Wearing Apparel Stores—Not-For-Profit Only
11138	Clubs—Country or Golf
11155	Collectibles and Memorabilia Stores
11160	Computer Stores
11167	Concessionaires—Checkroom, Shoeshine, or Toilet Concessions in Hotels, Restaurants, Railroad Stations, etc.
11168	Concessionaires
11201	Contractors Equipment—Cranes, Derricks, Power Shovels, and Equipment Incidental Thereto—Rented to Others with Operators
11202	Contractors Equipment—Cranes, Derricks, Power Shovels and Equipment Incidental Thereto—Rented to Others without Operators
11203	Contractors Equipment Dealers—Ladders, Excluding Hoists, Scaffolds or Towers
11204	Contractors Equipment Dealers—Ladders, Hoists, Scaffolds or Towers
11205	Contractors Equipment—Earth Moving Equipment Other Than Cranes, Derricks and Power Shovels—Rented to Others with Operators

ISO GL Class Code	Classification / General Description
11206	Contractors Equipment—Earth Moving Equipment Other Than Cranes, Derricks and Power Shovels—Rented to Others without Operators
11207	Contractors Equipment—Excluding Automobiles—Rented to Others with Operators
11208	Contractors Equipment—Excluding Automobiles—Rented to Others without Operators
11209	Contractors Equipment—Hod or Material Platform Hoists and Equipment Incidental Thereto—Rented to Others with Operators
11210	Contractors Equipment—Hod or Material Platform Hoists and Equipment Incidental Thereto—Rented to Others without Operators
11211	Contractors Equipment—Ladders, Scaffolds, Scaffolding, Sidewalk Bridges, Towers and Equipment Incidental Thereto—Rented to Others
11212	Contractors Equipment—Scaffolds, Sidewalk Bridges, Hod or Material Hoists, Towers—Rented to Others—Installation, Repair, or Removal Operations Only
11213	Contractors Equipment—Steam Boilers, Compressors, Air Pressure Tanks, Pneumatic Tools and Equipment Incidental Thereto—Rented to Others with Operators
11214	Contractors Equipment—Steam Boilers, Compressors, Air Pressure Tanks, Pneumatic Tools and Equipment Incidental Thereto—Rented to Others without Operators
11222	Copying and Duplicating Services—Retail
11234	Cosmetic, Hair or Skin Preparation Stores
11248	Cotton or Wool Merchants
11258	Dairy Products or Butter and Egg Stores—Other Than Not-For-Profit
11259	Dairy Products or Butter and Egg Stores—Not-For-Profit Only
11273	Dance Halls, Ballrooms or Discotheques—Other Than Not-For-Profit
11274	Dance Halls, Ballrooms or Discotheques—Not-For-Profit Only
11288	Delicatessens
12014	Dental Laboratories
12356	Department or Discount Stores
12361	Distributors—Food or Drink
12362	Distributors—No Food or Drink
12362	Distributors—No Food or Drink NOC
12373	Drug Distributors
12374	Drugstores—No Table or Counter Service for Beverage or Food
12375	Drugstores
12391	Electrical Equipment Distributors
12393	Electronics Store
12467	Equipment, Fixtures or Supplies—for Bars, Hotels, Offices, Restaurants or Stores—Distributors
12467	Equipment, Fixtures, or Supplies—for Bars, Hotels, Offices, Restaurants, or Stores—Distributors
12509	Fabric Distributors
12510	Fabric Stores
12583	Feed, Grain, or Hay Dealers
12651	Fence Dealers

ISO GL Class Code	Classification / General Description
12707	Fire Protection Equipment Dealers and Distributors
12797	Floor Covering Distributors
12805	Floor Covering Stores
12841	Florists
12927	Formal Wear or Costumes—Rented to Others
13049	Frozen Food—Distributors
13111	Fruit or Vegetable Dealers
13112	Fruit or Vegetable Distributors
13201	Fuel Dealers or Distributors—Coal or Wood
13204	Fuel Oil or Kerosene Dealers
13205	Fuel Oil or Kerosene Distributors
13206	Biofuels Distributors—Ethanol
13207	Biofuels Distributors—Other Than Ethanol
13208	Nanomaterial Distributors
13314	Fur—Garments and Pelts—Distributors
13351	Furniture Stores—Other Than Not-For-Profit
13352	Furniture Stores—Not-For-Profit Only
13410	Gas Dealers—LPG
13411	Gas Dealers or Distributors
13412	Gas Distributors—LPG
13453	Gasoline Stations—Full Service
13454	Gasoline Stations—Self-Service
13455	Gasoline Stations—Self and Full Service Combined
13461	Solar Energy Equipment Dealers or Distributors Only
13506	Gift Shops—Other Than Not-For-Profit
13507	Gift Shops—Not-For-Profit Only
13590	Glass Dealers and Glaziers
13621	Grain Milling
13670	Grocery Distributors
13673	Grocery Stores
13715	Hardware and Tool Distributors
13716	Hardware Stores
13720	Health or Natural Food Stores
13759	Hearing Aid Stores
13930	Heating or Combined Heating and Air Conditioning Equipment—Dealers or Distributors Only
14068	Hide Dealers and Distributors—Raw
14101	Hobby, Craft or Artists' Supply Stores
14279	Home Improvement Stores
14401	Ice Cream Stores
14405	Ice Dealers and Distributors
14527	Janitorial Supplies—Dealers or Distributors
14655	Jewelry Stores or Distributors

ISO GL Class Code	Classification / General Description
14731	Laundries and Dry Cleaners—Self-Service
14732	Laundry and Dry Cleaning or Dyeing Receiving Stations
14733	Laundry and Dry Cleaning Stores
14734	Laundry Rental Service
14855	Livestock Dealers or Commission Merchants
14913	Locksmiths
15060	Machinery or Equipment Dealers—Construction or Industrial—Mobile Type
15061	Machinery or Equipment Dealers—Farm Type
15062	Machinery or Equipment Dealers
15063	Machinery or Equipment Dealers—Yard or Garden Type
15070	Mail Box or Packaging Stores
15119	Markets—Not Open Air (Lessor's Risk Only) Other Than Not-For-Profit
15120	Markets—Not Open Air (Lessor's Risk Only) Not-For-Profit Only
15123	Markets—Open Air (Lessor's Risk Only) Other Than Not-For-Profit
15124	Markets—Open Air (Lessor's Risk Only) Not-For-Profit Only
15188	Oil or Gas Well Supplies or Equipment Dealers—Secondhand
15223	Meat, Fish, Poultry, or Seafood—Distributors
15223	Meat, Fish, Poultry or Seafood—Distributors
15224	Meat, Fish, Poultry, or Seafood Stores
15224	Meat, Fish, Poultry or Seafood Stores
15300	Medical, Hospital and Surgical Equipment and Supplies—Rented to Others
15314	Medical, Hospital and Surgical Supply Stores
15404	Metal Dealers or Distributors—Nonstructural
15405	Metal Dealers or Distributors—Structural
15406	Metal Scrap Dealers
15488	Mobile Home Sales Agencies
15538	Musical Instrument Stores
15600	Nail Salons
15607	Newspaper or Magazine Distributors
15608	Newsstands
15656	Nightclubs, Cabarets and Comedy Clubs
15699	Nursery—Garden
15733	Oil Refineries
15839	Optical Goods Stores
15991	Paint, Wallpaper, or Wallcovering Stores
15993	Painting, Picture or Frame Stores
16005	Paper Products Distributors
16009	Paper, Rag or Rubber Stock Dealers and Distributors—Secondhand
16402	Pet Grooming
16403	Pet Stores
16404	Pet Training
16471	Photographers
16501	Plastic or Rubber Supply Goods Distributors

ISO GL Class Code	Classification / General Description
16527	Plumbing Supplies and Fixtures Dealers and Distributors
16588	Printers or Electrotypers Supplies—Distributors
16604	Produce Handling or Packing
16670	Racquet Sports and Handball Facilities—Commercially Operated
16676	Music Stores—Pre-Recorded
16694	Recreational Vehicle Dealers
16705	Refrigeration Equipment—Dealers and Distributors Only—Commercial
16722	Rental Stores
16723	Rental Stores—Machinery or Equipment—Rented to Others on a Long-Term Basis
16750	Internet Retailers
16751	Internet Auctions
16819	Restaurants—Operated by Concessionaires—Other Than Not-For-Profit
16820	Restaurants—Operated by Concessionaires—Not-For-Profit Only
16881	Secondhand or Salvage Dealers and Distributors
16890	Seed Merchants—Excluding Erroneous Delivery, Error in Mixture and Germination Failure
16891	Seed Merchants—Erroneous Delivery, Error in Mixture and Resulting Germination Failure
16892	Seed Merchants—Erroneous Delivery, and Error in Mixture (Excluding Germination Failure)
16900	Restaurants—with No Sale of Alcoholic Beverages—with Table Service
16901	Restaurants—with No Sale of Alcoholic Beverages—without Table Service with Seating
16902	Restaurants—with No Sale of Alcoholic Beverages—without Seating
16910	Restaurants—with Sale of Alcoholic Beverages that are Less Than 30% of the Annual Receipts of the Restaurants—with Table Service
16911	Restaurants—with Sale of Alcoholic Beverages that are Less Than 30% of the Annual Receipts of the Restaurants—without Table Service with Seating
16915	Restaurants—with Sale of Alcoholic Beverages that are 30% or More of But Less Than 75% of the Total Annual Receipts of the Restaurants—with Dance Floor
16916	Restaurants—with Sale of Alcoholic Beverages that are 30% or More of But Less Than 75% of the Total Annual Receipts of the Restaurants—without Dance Floor
16920	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—with Tables—with Dance Floor: Table Service
16921	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—with Tables—with Dance Floor: No Table Service
16930	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—with Tables—without Dance Floor: Table Service
16931	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—with Tables—without Dance Floor: No Table Service
16940	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—Bar Service Only (No Tables): with Dance Floor
16941	Restaurants—with Sale of Alcoholic Beverages that are 75% or More of Total Annual Receipts of the Restaurants—Bar Service Only (No Tables): without Dance Floor
18078	Ship Chandler Stores

ISO GL Class Code	Classification / General Description
18109	Shoe Repair Shops
18110	Shoe Stores
18200	Spas or Personal Enhancement Facilities
18205	Sporting Goods or Athletic Equipment Distributors
18206	Sporting Goods or Athletic Equipment Stores
18335	Stationery or Paper Products Stores
18435	Stores–Food or Drink–Other Than Not-For-Profit
18436	Stores–Food or Drink–Not-For-Profit Only
18437	Stores–No Food or Drink–Other Than Not-For-Profit
18437	Stores: Retail NOC
18438	Stores–No Food or Drink–Not-For-Profit Only
18501	Supermarkets
18506	Tailor Merchants–Men or Boys
18507	Tailoring or Dressmaking Establishments–Custom
18570	Tattoo Parlors
18575	Telecommunication Equipment Providers
18616	Tire Dealers
18707	Tobacco Products Distributors
18708	Tobacco Products Stores
18833	Toy Distributors
18834	Toy Stores
18911	Variety Stores–Other Than Not-For-Profit
18912	Variety Stores–Not-For-Profit Only
18920	Video Stores
18991	Warehouses–Mini-Warehouses
19007	Washing Machines, Dryers or Ironers–Coin Meter Type
19051	Water Softening Equipment–Rented to Others
19061	Portable Toilet Rentals
19795	Trailer Dealers
19796	Trailer Rental Agencies
40005	Adult Day Care–Not-For-Profit Only
40006	Adult Day Care–Other Than Not-For-Profit
40010	Airports–Commercial
40015	Airports–Private
40020	Airport Control Towers–Not Operated Exclusively by the Federal Aviation Administration
40026	Airport–Lessees of Portions of Airports Engaged in the Sale of Aircraft or Accessories, Servicing or Repairing of Aircraft or Pilot Instructions
40031	Ambulance Service, First Aid or Rescue Squads–Other Than Not-For-Profit
40032	Ambulance Service, First Aid or Rescue Squads–Not-For-Profit Only
40040	Amusement Devices
40041	Amusement Devices–Operated in Connection with Carnivals or Fairs–Other Than Not-For-Profit

ISO GL Class Code	Classification / General Description
40042	Amusement Devices—Operated in Connection with Carnivals or Fairs—Not-For-Profit Only
40045	Animals—Draft
40046	Animals—Saddle—for Rent
40047	Animals—Saddle—Private
40059	Athletic Games Sponsored by the Insured—Other Than Not-For-Profit
40061	Athletic Games Sponsored by the Insured—Not-For-Profit Only
40063	Athletic or Sports Contests—In Buildings—Lessees—Other Than Not-For-Profit
40064	Athletic or Sports Contests—In Buildings—Lessees—Not-For-Profit Only
40066	Athletic Programs—Amateur—Other Than Not-For-Profit
40067	Athletic Programs—Amateur—Not-For-Profit Only
40069	Athletic Teams—Professional or Semi-Professional
40072	Beaches—Bathing—Not Commercially Operated
40075	Bingo Games—In Public Halls or Theaters—Commercially Operated
40101	Blood Banks—Other Than Not-For-Profit
40102	Blood Banks—Not-For-Profit Only
40111	Boats—Canoes or Rowboats—Not for Rent—Not Equipped with Motors
40115	Boats—Motor or Sail—Not for Rent
40117	Boats—Not for Rent
40140	Boats—Nonowned over 26 Feet
41210	Bus Stations or Terminals
41421	Camps—For-Profit
41422	Camps—Not-For-Profit
41510	Caves—Tourist Attraction
41603	Cemeteries—Other Than Not-For-Profit
41604	Cemeteries—Not-For-Profit Only
41620	Construction or Project Manager
41650	Churches or Other Houses of Worship
41664	Clubs—Horseback Riding—No Commercial Riding Instructions
41665	Clubs—Racket Sports and Handball
41666	Clubs—Swimming
41667	Clubs—Civic, Service or Social—Having Buildings or Premises Owned or Leased—Other Than Not-For-Profit
41668	Clubs—Civic, Service or Social—Having Buildings or Premises Owned or Leased—Not-For-Profit Only
41669	Clubs—Civic, Service or Social—No Buildings or Premises Owned or Leased Except For Office Purposes—Other Than Not-For-Profit
41670	Clubs—Civic, Service or Social—No Buildings or Premises Owned or Leased Except For Office Purposes—Not-For-Profit Only
41670	Clubs—Civic, Service, or Social—No Buildings or Premises Owned or Leased Except for Office Purposes—Not-For-Profit Only
41672	Conventions (Sponsor's Risk Only)—Other Than Not-For-Profit
41673	Conventions (Sponsor's Risk Only)—Not-For-Profit Only
41675	Computer Consulting or Programming

ISO GL Class Code	Classification / General Description
41677	Consultants
41678	Community Recreational Facilities—Not Operated by Governmental Agency
41679	Cotton Gin Operations—Other Than Those Performed for a Fee Per Bale
41680	Convents or Monasteries
41696	Crematories—Other Than Not-For-Profit
41697	Crematories—Not-For-Profit Only
41700	Dam, Levee or Dike—Existence Hazard Only
41715	Day Care Centers—Other Than Not-For-Profit
41716	Day Care Centers—Not-For-Profit Only
43007	Drawbridges—Existence Hazard Only
43117	Dude Ranches
43151	Computer Data Processing—Operations
43152	Computer Data Processing—Time Sharing
43200	Employment Agencies
43215	Entertainment Performed on Others' Premises
43421	Exhibitions—Outside—In Stadiums or on Premises Having Grandstands or Bleachers Not Erected by or for the Insured—Ushers or Other Attendants in Stands Not Provided by the Insured
43422	Exhibitions—Outside—In Stadiums or on Premises Having Grandstands or Bleachers Not Erected by or for the Insured—Ushers or Other Attendants in Stands Provided by the Insured
43424	Exhibitions—Outside—No Stadiums or Grandstands
43470	Pest Control Services
43517	Fair Grounds—Nonoperating Season
43518	Fairs—Outside (Operator's Risk Only)
43550	Fire Departments—Other Than Volunteer
43551	Fire Departments—Volunteer
43626	Fireworks Exhibitions—Contractor's Risk Only
43628	Fireworks Exhibitions—Sponsor's Risk Only—Other Than Not-For-Profit
43629	Fireworks Exhibitions—Sponsor's Risk Only—Not-For-Profit Only
43754	Fishing Piers
43760	Fishing Ponds or Lakes—Commercially Operated
43822	Forestry Service
43840	Fruit or Vegetable—Harvesting Contractors
43860	Fumigating
43889	Funeral Homes or Chapels
43945	Garbage or Refuse Dumps
43946	Garbage Works—Separation for Recycling, Reduction or Incineration
43946	Garbage Works—Separation for Recycling, Reduction, or Incineration
43990	Gambling—Casinos
43991	Gambling—Incidental to Other Operations
44009	Gasoline or Oil Supply Stations—Retail—(Lessor's Risk Only)
44010	Gasoline Recovery—from Casing Head or Natural Gas
44069	Golf Courses—Miniature

ISO GL Class Code	Classification / General Description
44070	Golf Courses—Municipal or Public—Not Golf or Country Clubs
44071	Golf Driving Ranges
44072	Golfmobiles—Loaned or Rented to Others
44100	Governmental: Municipalities—Population under 2,500
44101	Governmental: Municipalities—Population 2,501-10,000
44102	Governmental: Municipalities—Population 10,001-25,000
44103	Governmental: Municipalities—Population 25,001-50,000
44104	Governmental: Municipalities—Population 50,001-100,000
44105	Governmental: Municipalities—Population 100,001-250,000
44105	Governmental: Municipalities
44106	Governmental: Municipalities—Population over 250,000
44108	Governmental: Counties or Parishes—Population under 10,000
44109	Governmental: Counties or Parishes—Population 10,001-25,000
44110	Governmental: Counties or Parishes—Population 25,001-50,000
44111	Governmental: Counties or Parishes—Population 50,001-100,000
44112	Governmental: Counties or Parishes—Population 100,001-250,000
44113	Governmental: Counties or Parishes—Population over 250,000
44193	Grandstands or Bleachers—Other Than Not-For-Profit
44194	Grandstands or Bleachers—Not-For-Profit Only
44222	Guides or Outfitters
44276	Halls—Other Than Not-For-Profit
44277	Halls—Not-For-Profit Only
44280	Event, Party or Wedding Planners
44311	Health or Exercise Clubs
44315	Health or Exercise Facilities—Commercially Operated
44427	Health Care Facilities—Alcohol and Drug—Other Than Not-For-Profit
44428	Health Care Facilities—Alcohol and Drug—Not-For-Profit Only
44429	Health Care Facilities—Convalescent or Nursing Homes—Not Mental—Psychopathic Institutions—Other Than Not-For-Profit
44430	Health Care Facilities—Convalescent or Nursing Homes—Not Mental—Psychopathic Institutions—Not-For-Profit Only
44431	Health Care Facilities—Homes for the Aged—Other Than Not-For-Profit
44432	Health Care Facilities—Homes for the Aged—Not-For-Profit Only
44433	Health Care Facilities—Homes for the Physically Handicapped or Orphaned—Other Than Not-For-Profit
44434	Health Care Facilities—Homes for the Physically Handicapped or Orphaned—Not-For-Profit Only
44435	Health Care Facilities—Hospitals Other Than Not-For-Profit
44436	Health Care Facilities—Hospitals Not-For-Profit Only
44437	Health Care Facilities—Mental—Psychopathic Institutions—Other Than Not-For-Profit
44438	Health Care Facilities—Mental—Psychopathic Institutions—Not-For-Profit Only
44439	Health Care Facilities—Clinics, Dispensaries or Infirmarys Treating Outpatients Only—No Regular Bed and Board Facilities—Other Than Not-For-Profit

ISO GL Class Code	Classification / General Description
44440	Health Care Facilities—Clinics, Dispensaries or Infirmarys Treating Outpatients Only—No Regular Bed and Board Facilities—Not-For-Profit Only
44500	Home Health Care Services—Not-For-Profit Only
44501	Home Health Care Services—Other Than Not-For-Profit
45190	Hotels and Motels—with Pools or Beaches—Less Than Four Stories
45191	Hotels and Motels—with Pools or Beaches—Four Stories or More
45192	Hotels and Motels—without Pools or Beaches—Less Than Four Stories
45193	Hotels and Motels—without Pools or Beaches—Four Stories or More
45210	Bed and Breakfasts
45224	Hunting Preserves—Other Than Not-For-Profit
45225	Hunting Preserves—Not-For-Profit Only
45334	Insurance Agents
45380	Junk Dealers
45450	Kennels—Breeding, Boarding, or Sales
45523	Lakes or Reservoirs—Existence Hazard Only—Other Than Not-For-Profit
45524	Lakes or Reservoirs—Existence Hazard Only—Not-For-Profit Only
45539	Land—Occupied by Persons Other Than the Insured for Business Purposes—(Lessor's Risk Only)
45678	Laundries and Dry Cleaning Plants
45771	Livestock Sales Cos.
45819	Lumberyards
45900	Mail Order or Online Drug Stores
45901	Mail Order Houses
45937	Mailing or Addressing Cos.
45993	Manufacturers' Representatives
46004	Mausoleums—Other Than Not-For-Profit
46005	Mausoleums—Not-For-Profit Only
46112	Diagnostic Testing Laboratories
46202	Mobile Home Parks or Courts
46362	Model Homes
46426	Museums—Other Than Not-For-Profit
46427	Museums—Not-For-Profit Only
46510	Oil or Gas Wells—Non-Operating Working Interest
46590	Parades
46603	Parking—Public—Not Open Air
46604	Parking—Public—Open Air
46606	Parking—Public—Shopping Centers—Maintained by Lessee (Lessor's Risk Only)
46607	Parking—Public—Shopping Centers—Maintained by the Insured (Lessor's Risk Only)
46622	Parking—Private
46671	Parks or Playgrounds
46700	Penal Institutions
46773	Picnic Grounds—Commercially Operated
46822	Political Campaign Headquarters or Offices

ISO GL Class Code	Classification / General Description
46881	Professional and Trade Associations—No Buildings or Premises Owned or Leased Except as Offices—Other Than Not-For-Profit
46882	Professional and Trade Associations—No Buildings or Premises Owned or Leased Except as Offices—Not-For-Profit Only
46911	Race Tracks—Motorized Vehicles—Operators
46912	Race Tracks—Operators
46913	Race Tracks—Motorized Vehicles—Lessor's Risk Only
46914	Racing—Lessor's Risk Only
46915	Race Tracks—Motorized Vehicles—Sponsor's Risk Only
46916	Racing—Sponsor's Risk Only
47050	Real Estate Agents
47051	Real Estate Development Property
47052	Real Estate Property Managed
47103	Recording Studios
47146	Recycling Collection Centers—Other Than Not-For-Profit
47147	Recycling Collection Centers—Not-For-Profit Only
47221	Riding Academies
47253	Rifle or Pistol Ranges—Indoor
47254	Rifle or Pistol Ranges
47318	Rodeos
47367	Sales or Service Organizations
47420	Saunas and Baths—Public
47468	Schools—Correspondence
47469	Schools—Faculty Liability for Corporal Punishment of Students
47471	Schools—Public—Elementary, Kindergarten or Junior High
47473	Schools—Public—High
47474	Schools—Trade or Vocational
47475	Schools—Private—Elementary, Kindergarten or Junior High—Other Than Not-For-Profit
47476	Schools—Private—Elementary, Kindergarten or Junior High—Not-For-Profit Only
47477	Schools—Private—High—Other Than Not-For-Profit
47478	Schools—Private—High—Not-For-Profit Only
47610	Internet Service Providers
48039	Sewers
48177	Skating Rinks—Ice
48178	Skating Rinks—Roller
48206	Skeet Shooting or Trap Shooting Ranges
48252	Ski Lifts, Tows, or Runs
48441	Soap Box Derbies
48557	Social Gatherings and Meetings—on Premises Not Owned or Operated by the Insured—Other Than Not-For-Profit
48558	Social Gatherings and Meetings—on Premises Not Owned or Operated by the Insured—Not-For-Profit Only
48600	Social Services—Consulting Services Only—Operated by the Private Sector

ISO GL Class Code	Classification / General Description
48610	Sports or Outdoor Activities—Commercially Operated
48636	Stockyards
48637	Stadiums—Operated by Insured—Other Than Not-For-Profit
48638	Stadiums—Operated by Insured—Not-For-Profit Only
48727	Streets, Roads, Highways or Bridges—Existence and Maintenance Hazard Only
48808	Sun Tanning Salons
48924	Swimming Pools—Commercially Operated
48925	Swimming Pools
49005	Taxidermists
49111	Tents or Canopies—Loaned or Rented to Others
49181	Theaters—Drive-in
49183	Theaters—Motion Pictures
49184	Theaters—Other Than Not-For-Profit Only
49184	Theatres—Other Than Not-For-Profit Only
49185	Theaters—Not-For-Profit Only
49239	Tire—Retreading or Recapping
49292	Toll Bridges
49305	Towers—Telecommunication—Existence Hazard Only (Lessors Risk Only)
49333	Travel Agency Tours
49451	Vacant Land—Other Than Not-For-Profit
49452	Vacant Land—Not-For-Profit Only
49617	Vending Machine Operations—Confection, Food, Beverage or Ice
49617	Vending Machine Operations—Confection, Food, Beverage, or Ice
49618	Vending Machine Operations—Tobacco Products
49619	Vending Machine Operations
49763	Warehouse—Cold Individual Storage Lockers
49800	Wharf and Waterfront Property—Ferry Docks or Terminals
49801	Wharf and Waterfront Property—Occupied by the Insured for Both Freight and Passenger Purposes
49802	Wharf and Waterfront Property—Not Occupied by the Insured (Lessor's Risk Only)
49803	Wharf and Waterfront Property—Occupied by the Insured for Freight Purposes Exclusively
49870	YMCA, YWCA, or Similar Institutions
49870	YMCA, YWCA or Similar Institutions
49890	Youth Recreation Programs—Other Than Not-For-Profit
49891	Youth Recreation Programs—Not-For-Profit Only
49902	Zoos—Other Than Not-For-Profit
49903	Zoos—Not-For-Profit Only
50010	Abrasive Wheel Mfg.
50015	Abrasives or Abrasive Products Mfg.—Artificial
50017	Abrasives or Abrasive Products Mfg.
50045	Adhesive Mfg.
50047	Adhesive Tape Mfg.
51001	Aerosol Container Mfg.

ISO GL Class Code	Classification / General Description
51005	Aerosol Containers–Filling or Charging for Others
51116	Air Conditioning Equipment Mfg.
51201	Aircraft or Aircraft Parts Mfg.
51205	Alarm Mfg.–Burglar
51206	Alarm Mfg.–Fire or Smoke
51210	Alcohol Mfg.–Not Beverage
51211	Ammunition Mfg.
51220	Appliances and Accessories Mfg.–Commercial–Gas
51221	Appliances and Accessories Mfg.–Commercial–Not Gas
51222	Appliances and Accessories Mfg.–Household–Gas
51224	Appliances and Accessories Mfg.–Household–Not Gas
51230	Asbestos Goods Mfg.
51240	Asphalt or Tar Distilling or Refining
51241	Asphalt Works
51250	Automobile, Bus, and Truck Body Mfg.
51250	Automobile, Bus and Truck Body Mfg.
51251	Automobile, Bus, or Truck Parts Mfg.–Brakes or Brake Linings
51252	Automobile, Bus or Truck Parts Mfg.–Not Operating Parts
51252	Automobile, Bus, or Truck Parts Mfg.–Not Operating Parts
51253	Automobile, Bus or Truck Parts Mfg.–Operating Parts
51253	Automobile, Bus, or Truck Parts Mfg.–Operating Parts
51254	Automobile, Bus or Truck Parts Mfg.–Passenger Restraining Devices
51255	Automobile Mfg. or Assembling
51300	Baby Food Mfg.–In Glass Containers
51305	Baby Food Mfg.
51315	Bakery Plants
51330	Battery Mfg.–Dry Cell
51333	Battery Mfg.–Wet Cell or Storage
51340	Bearing Mfg.
51350	Beer, Ale or Malt Liquor Mfg.–In Bottles
51351	Beer, Ale or Malt Liquor Mfg.–In Cans
51352	Beer, Ale or Malt Liquor Mfg.–Not Bottled or Canned
51355	Beverage Bottler–Soft Drinks–Carbonated–In Cans or Plastic Bottles
51356	Beverage Bottler–Soft Drinks–Carbonated–In Glass Bottles
51357	Beverage Bottler–Soft Drinks–In Metal Cylinders
51358	Beverage Bottler–Soft Drinks–In Paper Containers
51359	Beverage Bottler–Soft Drinks–Not Carbonated–In Bottles or Cans
51370	Bicycle Mfg.–Not Motorized
51380	Billiard or Pool Table Mfg.
51400	Boat or Ship Building–Inboard and Inboard/Outboard
51401	Boat or Ship Building–without Motors
51500	Bolt, Nut, Rivet, Screw or Washer Mfg.
51516	Bookbinding–Other Than Not-For-Profit

ISO GL Class Code	Classification / General Description
51517	Bookbinding—Not-For-Profit Only
51550	Bottle and Jar Mfg.—Glass—Not for Use under Pressure
51551	Bottle and Jar Mfg.—Glass—for Use under Pressure—Nonreturnable
51552	Bottle and Jar Mfg.—Glass—for Use under Pressure—Returnable
51553	Bottle and Jar Mfg.—Plastic—Nonreturnable
51554	Bottle and Jar Mfg.—Plastic—Returnable
51575	Boxes or Containers Mfg.—Corrugated or Fiberboard
51576	Boxes or Containers Mfg.—Wood
51600	Brick Mfg.
51613	Brush or Broom Mfg.
51625	Bus Mfg. or Assembling or Reconstruction
51666	Buttons or Fasteners Mfg.
51702	Camper Bodies or Camper Trailers Mfg.
51703	Campers Mfg.—Self-Powered
51734	Can Mfg.—Metal
51741	Candle Mfg.
51752	Candy or Confectionery Products Mfg.
51767	Carbon Paper or Inked Ribbon Mfg.
51777	Carpet or Rug Mfg.
51790	Caulking Compounds, Putty, or Similar Products Mfg.
51796	Cellophane and Cellophane Products Mfg.
51808	Cement, Concrete Mix or Plaster Mfg.—Packaged
51809	Cement or Plaster Mfg.—Bulk
51833	Charcoal or Coal Briquette Mfg.
51850	Chemical Mfg.—Commercial or Industrial
51851	Chemical Mfg.—Commercial or Industrial—Toxic and Either Flammable, Explosive or Reactive
51852	Chemical Mfg.—Commercial or Industrial—Primarily Flammable, Explosive or Reactive
51853	Chemical Mfg.—Commercial or Industrial—Primarily Toxic or Presenting a Health Hazard
51854	Chemical Mfg.—Household—Toxic and Either Flammable, Explosive or Reactive
51855	Chemical Mfg.—Household
51856	Chemical Mfg.—Household—Primarily Flammable, Explosive or Reactive
51857	Chemical Mfg.—Household—Primarily Toxic or Presenting a Health Hazard
51869	China, Porcelain or Earthenware Mfg.
51869	China, Porcelain, or Earthenware Mfg.
51877	Clay Products Mfg.
51889	Clock Mfg.
51896	Clothing Mfg.
51900	Coffins or Caskets Mfg.
51909	Coke Mfg.
51919	Color or Pigment Preparation

ISO GL Class Code	Classification / General Description
51926	Communication or Recording Systems or Equipment Mfg.–Industrial or Commercial
51927	Communication or Recording Systems or Equipment Mfg.–Other Than Industrial or Commercial
51934	Composition Goods Mfg.–Not Floor Coverings
51941	Computer Mfg.
51942	Computer Software Mfg.–Pre-Packaged
51956	Concrete–Mixed in Transit
51957	Concrete or Plaster Products Mfg.–Not Structural
51958	Concrete Products Mfg.–Prestressed
51959	Concrete Products Mfg.–Structural
51960	Contact Lenses Mfg.
51970	Cosmetics Mfg.
51982	Cotton Batting, Wadding, or Waste Mfg.
51982	Cotton Batting, Wadding or Waste Mfg.
51985	Cotton Compressing
51986	Cotton Gin Operations
51999	Cutlery (Not Powered) and Flatware Mfg.
52002	Dairy Products Mfg.
52075	Detergent Mfg.–Household
52076	Detergent Mfg.–Other Than Household
52109	Dextrine Mfg.
52134	Door or Window Mfg.–Other Than Wood
52137	Die Casting Mfg.
52150	Distillation or Extraction
52315	Door or Window Mfg.–Wood
52341	Drug Mfg.–Biological Products
52342	Drug, Medicine or Pharmaceutical Preparations Mfg.–for Animal Use
52343	Drug, Medicine or Pharmaceutical Preparations Mfg.–Other Than for Animal Use
52401	Drums or Containers Mfg.–Metal
52402	Drums or Containers Mfg.–Plastic
52432	Electrical Equipment Mfg.–Other Than for Direct and Indirect Application to the Body
52433	Electrical Equipment Mfg.–for Direct and Indirect Application to the Body
52435	Electrical Generating Machinery Mfg.
52438	Electrical Parts, Components or Accessories Mfg.
52440	Electrical Power Distribution or Transmission Equipment Mfg.
52467	Electrical Wire or Cable Mfg.
52469	Electronic Components Mfg.
52505	Electronic Games Mfg.
52547	Electroplating
52581	Elevator Mfg.
52619	Engine or Turbine Mfg.–Not Aircraft
52660	Engraving

ISO GL Class Code	Classification / General Description
52744	Escalator or Moving Sidewalk Mfg.
52767	Exercise or Playground Equipment Mfg.
52876	Explosive or Fireworks Mfg.
52911	Extracts Mfg.
52967	Eye Glass Lens Mfg.
53001	Feed Mfg.
53077	Fertilizer Mfg.
53095	Fiber Mfg.–Other Than Synthetic
53096	Fiber Mfg.–Synthetic
53121	Fiberglass Mfg.
53147	Fire Extinguishers Mfg.
53229	Fire Suppression Systems Mfg.
53271	Firearms Mfg.
53333	Floor Covering Mfg.–Not Carpets, Rugs, Ceramic or Stone Tiles
53374	Food Products Mfg.–Dry
53375	Food Products Mfg.–Frozen
53376	Food Products Mfg.–Not Dry–In Glass Containers
53377	Food Products Mfg.–Not Dry–In Other Than Glass Containers
53403	Forging Work
53425	Foundries
53565	Fruit or Vegetable Juice Mfg.–No Bottling of Carbonated Beverages
53631	Fur Garment Mfg.
53632	Fur or Pelt Processing
53731	Furniture Mfg. or Assembling–Infants
53732	Furniture Mfg. or Assembling–Other Than Wood
53733	Furniture Mfg. or Assembling–Wood
53734	Furniture or Woodwork Stripping, Refinishing or Repairing–Shop Only
53803	Galvanizing or Tinning
53901	Gas Mfg.–Toxic and Either Flammable, Explosive or Reactive
53902	Gas Mfg.–Inert
53903	Gas Mfg.–Other
53904	Gas Mfg.–Primarily Flammable, Explosive or Reactive
53905	Gas Mfg.–Primarily Toxic or Presenting a Health Hazard
53907	Gasoline Distributors
53951	Biofuels Mfg.–Ethanol
53952	Biofuels Mfg.–Other Than Ethanol
53953	Nanomaterial Mfg.
54012	Gemstone Cutting or Polishing
54077	Glass or Glassware Mfg.
54444	Manufacturers
55010	Heating Equipment Mfg.–Coal or Wood
55011	Heating Equipment Mfg.–Electric
55012	Heating Equipment Mfg.–Fuel Oil or Kerosene

ISO GL Class Code	Classification / General Description
55013	Heating Equipment Mfg.–Gas or Liquefied Petroleum Gas
55014	Solar Energy Equipment Mfg.
55214	Hone, Oilstone, or Whetstone Mfg.
55214	Hone, Oilstone or Whetstone Mfg.
55371	Honey Extracting
55410	Importers
55426	Ink Mfg.
55597	Inner Tubes Mfg.
55647	Instrument Mfg.–Analytical, Calibrating, Measuring, Testing or Recording
55647	Instrument Mfg.–Analytical, Calibrating, Measuring, Testing, or Recording
55648	Instrument Mfg.–Control
55649	Instrument Mfg.
55715	Insulating Material Mfg.–Mineral
55716	Insulating Material Mfg.–Organic
55717	Insulating Material Mfg.–Plastic–for Application in a Solid State
55718	Insulating Material Mfg.–Plastic
55802	Jewelry Mfg.
55918	Ladder Mfg.–Other Than Wood
55919	Ladder Mfg.–Wood
56040	Lamp Shade Mfg.
56041	Lamps or Lanterns Mfg.–Electric
56042	Lamps or Lanterns Mfg.–Other Than Electric
56170	Lead Mfg.–Red or White
56171	Lead Works–Sheet, Pipe or Shot
56202	Leather Goods Mfg.
56390	Light Bulb or Tubes Mfg.
56391	Lighting Fixtures Mfg.
56427	Lime Mfg.
56488	Liquor Mfg.
56567	Lubricants Mfg.–Grease
56650	Machinery or Machinery Parts Mfg.–Construction, Mining, or Materials Handling Type
56650	Machinery or Machinery Parts Mfg.–Construction, Mining or Materials Handling Type
56651	Machinery or Machinery Parts Mfg.–Farm Type
56652	Machinery or Machinery Parts Mfg.–Industrial Type
56653	Machinery or Machinery Parts Mfg.–Metalworking
56654	Machinery or Machinery Parts Mfg.
56690	Match Mfg.
56699	Mattress or Box Spring Mfg.
56758	Meat, Fish, Poultry or Seafood–Curing
56759	Meat, Fish, Poultry or Seafood Processing–In Airtight Containers
56760	Meat, Fish, Poultry or Seafood Processing–Not in Airtight Containers
56805	Medical, Dental, Hospital or Surgical Equipment or Supplies Mfg.–Expendable

ISO GL Class Code	Classification / General Description
56806	Medical, Dental, Hospital or Surgical Equipment or Supplies Mfg.–Nonexpendable
56807	Medical, Dental, Hospital or Surgical Instruments Mfg.
56808	Medical, Dental or Surgical Diagnostic or Treatment Machines or Devices Mfg.
56900	Metals–Extraction or Refining
56910	Metal Foil Mfg.
56911	Metal Goods Mfg.
56912	Metal Goods Mfg.–Stamping–Not Signs
56913	Metal Heat Processing
56915	Metal Works–Shop–Structural–Load Bearing
56916	Metal Works–Shop–Structural–Not Load Bearing
56917	Metals–Extraction or Refining–Chemical Processes
56918	Metals–Extraction or Refining–Electrometallurgical Processes
56919	Metals–Extraction or Refining of Ferrous Metals–Blast Furnace or Other Pyrometallurgical Processes
56920	Metals–Extraction or Refining of Nonferrous Metals–Blast Furnace or Other Pyrometallurgical Processes
56980	Mica Goods Mfg.
57001	Milk Depots or Dealers
57002	Milk Processing
57090	Mobile Home Mfg.
57146	Modular Units Mfg.
57202	Motorcycle, Moped or Motor Scooter Mfg.
57257	Musical Instrument Mfg.
57401	Nails or Spikes Mfg.
57403	Needles, Pins or Tacks Mfg.
57410	Net Mfg.–Other Than Safety Nets
57411	Net Mfg.–Safety Nets
57572	Office Machines Mfg.
57600	Optical Goods Mfg.
57611	Ore Milling or Processing
57625	Orthopedic, Ambulation or Prosthetic Devices Mfg.
57651	Packing Houses
57690	Paint, Varnish, Shellac or Lacquer Mfg.
57716	Paper Coating or Finishing
57725	Paper Goods Mfg.
57726	Paper Mfg.
57798	Parachute Mfg.
57800	Media Mfg.–Blank
57808	Pattern Mfg.–Metal
57809	Pattern Mfg.–Other
57810	Pattern Mfg.–Paper
57871	Pencil, Pen, Crayon or Chalk Mfg.
57871	Pencil, Pen, Crayon, or Chalk Mfg.
57913	Pet Food Mfg.

ISO GL Class Code	Classification / General Description
57997	Photo Finishing Laboratories
57998	Photographic Equipment Mfg.
57999	Photographic Supplies Mfg.
58009	Pipes or Tubes Mfg.–Metal
58010	Pipes or Tubes Mfg.–Plastic
58020	Pipes Mfg.–Tobacco
58056	Plastic Mfg.–Raw Material
58057	Plastic or Rubber Goods Mfg.–Household
58058	Plastic or Rubber Goods Mfg.–Other Than Household
58095	Plumbing Fixtures Mfg.
58096	Plumbing Supplies Mfg.
58301	Plywood, Veneer or Veneer Products Mfg.–Other
58302	Plywood, Veneer or Veneer Products Mfg.–without Log Processing
58302	Plywood, Veneer, or Veneer Products Mfg.–without Log Processing
58397	Prefabricated Building Mfg.
58408	Printing–Other Than Not-For-Profit
58409	Printing–Not-For-Profit Only
58456	Publishers–Books or Magazines–Other Than Not-For-Profit
58457	Publishers–Books or Magazines–Not-For-Profit Only
58458	Publishers–Newspapers–Other Than Not-For-Profit
58459	Publishers–Newspapers–Not-For-Profit Only
58503	Pulp Mfg.
58532	Pumps or Compressors Mfg.
58559	Railroad Engine Mfg.
58560	Railroad or Other Public Conveyance Cars Mfg.
58561	Railroad or Other Public Conveyance Cars Parts Mfg.
58575	Razor or Razor Blades Mfg.
58627	Media Mfg.–Prerecorded
58663	Refrigeration Equipment Mfg.
58682	Rendering Works
58713	Rolling Mills–Cold or Hot Process
58737	Rope Mfg.
58756	Rubber Mfg.
58757	Rubber Reclaiming
58759	Rubber Stamp Mfg. or Assembling
58802	Saddles, Harnesses or Horses Furnishings Mfg.
58802	Saddles, Harnesses, or Horses Furnishings Mfg.
58813	Safes or Safe Vaults Mfg.
58822	Sail Making
58837	Salt, Borax, Potash or Phosphate–Producing or Refining
58840	Salt Mfg.
58873	Saw Mills or Planing Mills
58903	Sewing Machines Mfg.–Commercial

ISO GL Class Code	Classification / General Description
58904	Sewing Machines Mfg.–Household
58922	Sheet Metal Work–Shop Only
59005	Shoe, Boot or Slipper Mfg.
59057	Sign Mfg.–Electrical
59058	Sign Mfg.–Other Than Electrical
59188	Slate Milling
59189	Slate Splitting or Slate Roofing Mfg.
59223	Soap Mfg.
59257	Sponge Processing
59306	Sporting Goods or Athletic Equipment Mfg.
59378	Steel Wool or Wire Wool Mfg.
59481	Stone Crushing
59482	Stone Cutting or Polishing
59537	Sugar Refining
59601	Swimming Pools or Accessories Mfg.
59647	Syrups or Molasses–Refining, Blending or Mfg.
59660	Tank Building or Mfg.–Metal–Not Pressurized
59661	Tank Building or Mfg.–Metal–Pressurized
59693	Tanning–Animal Hides
59695	Telecommunication Equipment Mfg.
59701	Television Picture Tube Mfg.
59713	Tent or Canopy Mfg.
59722	Textile Bleaching, Dyeing, Mercerizing, Printing, Finishing or Silk Screening–New Goods
59722	Textile Bleaching, Dyeing, Mercerizing, Printing, Finishing, or Silk Screening–New Goods
59723	Textile Coating or Impregnating
59724	Textile Mfg.–Impregnated or Coated
59725	Textile Products Mfg.–Fabricated
59726	Textile Spinning, Weaving or Knitting Mills
59738	Tie, Post, or Pole Yard
59750	Tire Mfg.–Auto, Bus or Truck
59751	Tire Mfg.–Not Auto, Bus or Truck
59773	Tobacco Products Mfg.–Cigars or Cigarettes
59774	Tobacco Products Mfg.–Other
59775	Tobacco Products Mfg.–Plug or Snuff
59781	Tool Mfg.–Accessories
59782	Tool Mfg.–Hand Type–Not Powered
59783	Tool Mfg.–Hand Type–Powered
59784	Tool Mfg.–Power Equipment–Household Type–Outdoor or Workshop
59790	Toys or Games Mfg.
59798	Trailers Mfg.
59806	Truck Mfg. or Assembling
59867	Turpentine or Resin Mfg.

ISO GL Class Code	Classification / General Description
59886	Twine or Cordage Mfg.
59889	Umbrella or Cane Mfg.
59892	Valves Mfg.
59904	Vegetable Oil Mfg.—By Solvent Extraction
59905	Vegetable Oil Mfg.
59914	Metal Works—Shop—Decorative or Artistic
59915	Vending Machines Mfg.
59917	Venetian Blinds Mfg. or Assembling
59923	Watch or Watch Case Mfg.
59925	Water Bottling—In Siphons
59926	Water Bottling—Spring or Well—Not Sparkling or Carbonated
59927	Water Bottling—Spring or Well—Sparkling or Carbonated
59931	Wax or Wax Products Mfg.
59932	Wax, Wax Products, or Polish Mfg.—Floor
59941	Wheel Mfg.
59947	Wicker, Rattan, Willow or Twisted Fiber Products Mfg.
59955	Wigs or Hair Pieces Mfg.
59963	Wine Mfg.—Sparkling
59964	Wine Mfg.—Still
59970	Wire Cloth Mfg.
59973	Wire Drawing
59975	Wire Goods Mfg.
59977	Wire Rope or Cable Mfg.—Metal
59984	Wood Preserving
59985	Wood Products Mfg.
59986	Wood Turned Products Mfg.
59988	Wool Combing, Scouring or Separating from Cotton
59988	Wool Combing, Scouring, or Separating from Cotton
59989	Wool Pulling
60010	Apartment Buildings
60011	Apartment Buildings—Garden
60012	Apartment Buildings or Hotels Time-Sharing—Less Than 4 Stories
60013	Apartment Buildings or Hotels Time-Sharing—4 Stories or More
60015	Apartment Hotels—Less Than 4 Stories
60016	Apartment Hotels—4 Stories or More
60035	Automobile Renting or Leasing Cos.
61000	Boarding or Rooming Houses
61212	Buildings or Premises—Bank or Office—Mercantile or Mfg. (Lessor's Risk Only)—Other Than Not-For-Profit
61216	Buildings or Premises—Bank or Office—Mercantile or Mfg. (Lessor's Risk Only)—Not-For-Profit Only
61217	Buildings or Premises—Bank or Office—Mercantile or Mfg. (Lessor's Risk Only)—Maintained by the Insured—Other Than Not-For-Profit

ISO GL Class Code	Classification / General Description
61218	Buildings or Premises—Bank or Office—Mercantile or Mfg. (Lessor's Risk Only)—Maintained by the Insured—Not-For-Profit Only
61223	Buildings or Premises—Bank and Other Financial Institutions
61223	Buildings or Premises—Banks and Other Financial Institutions
61224	Buildings or Premises—Office—Premises Occupied by Employees of the Insured—Other Than Not-For-Profit
61225	Buildings or Premises—Office—Premises Occupied by Employees of the Insured—Not-For-Profit Only
61226	Buildings or Premises—Office—Other Than Not-For-Profit
61227	Buildings or Premises—Office—Not-For-Profit Only
62000	Condominiums—Commercial—Bank or Mercantile, Mfg. or Office (Association Risk Only)
62001	Condominiums—Commercial Shopping Centers (Association Risk Only)
62002	Condominiums—Commercial Warehouses—Mfg. or Private (Association Risk Only)
62003	Condominiums—Residential—(Association Risk Only)
62003	Condominiums—Residential (Association Risk Only)
63010	Dwellings—One-Family (Lessor's Risk Only)
63011	Dwellings—Two-Family (Lessor's Risk Only)
63012	Dwellings—Three-Family (Lessor's Risk Only)
63013	Dwellings—Four-Family (Lessor's Risk Only)
63215	Exhibition or Convention Buildings—Other Than Not-For-Profit
63216	Exhibition or Convention Buildings—Not-For-Profit Only
63217	Exhibitions—In Buildings—Other Than Not-For-Profit
63218	Exhibitions—In Buildings—Not-For-Profit Only
63219	Exhibitions—In Buildings—No Admission Charged—Other Than Not-For-Profit
63220	Exhibitions—In Buildings—No Admission Charged—Not-For-Profit Only
64074	Hotels and Motels—(Lessor's Risk Only)—Less Than Four Stories
64075	Hotels and Motels—(Lessor's Risk Only)—Four Stories or More
64500	Housing Projects—Federal, State, Local
65007	Labor Union Offices
66122	Lawyers Offices—Other Than Not-For-Profit
66122	Lawyers—Offices—Other Than Not-For-Profit
66123	Lawyers Offices—Not-For-Profit Only
66309	Libraries
66561	Medical Offices
66561	Medial Offices
67017	Shelters, Mission, Settlement, or Halfway Houses—Not Church or Office Building
67017	Shelters, Mission, Settlement or Halfway House—Not Church or Office Building
67508	Schools—Colleges, Universities, Junior Colleges or College Preparatory Other Than Not-For-Profit
67509	Schools—Colleges, Universities, Junior Colleges or College Preparatory Not-For-Profit Only
67510	Schools—Dormitory Facilities—Other Than Not-For-Profit
67511	Schools—Dormitory Facilities—Not-For-Profit Only

ISO GL Class Code	Classification / General Description
67512	Schools—Other Than Not-For-Profit
67513	Schools—Not-For-Profit Only
67634	Shopping Centers—Indoor Malls—Buildings, or Premises Not Occupied by the Insured (Lessor's Risk Only)
67635	Shopping Centers—Buildings, or Premises Not Occupied by the Insured (Lessor's Risk Only)
68001	Taxicab Cos.
68001	Taxicab Co.
68439	Ticket Agencies
68500	Townhouses or Similar Associations (Association Risk Only)
68604	Vacant Buildings—Factories
68606	Vacant Buildings—Not Factories—Other Than Not-For-Profit
68607	Vacant Buildings—Not Factories—Not-For-Profit Only
68702	Warehouses—Occupied by Multiple Interests (Lessor's Risk Only)
68703	Warehouses—Occupied by Single Interest (Lessor's Risk Only)
68706	Warehouses—Private—Other Than Not-For-Profit
68707	Warehouses—Private—Not-For-Profit Only
90089	Advertising Sign Cos.—Outdoor
91111	Air Conditioning Systems or Equipment—Dealers or Distributors and Installation, Servicing or Repair
91125	Airport Runway or Warming Apron—Paving or Repaving, Surfacing, Resurfacing or Scraping
91127	Alarms and Alarm Systems—Installation, Servicing or Repair
91127	Alarms and Alarm Systems—Installation, Servicing, or Repair
91130	Alarms—Security Systems—Monitoring
91135	Analytical Chemists
91150	Appliances and Accessories—Installation, Servicing or Repair—Commercial
91155	Appliances and Accessories—Installation, Servicing or Repair—Household
91160	Armored Car Service Cos.
91175	Auctioneers—Livestock—Sales Conducted Away from the Insured's Premises
91177	Auctioneers—Sales Conducted Away from the Insured's Premises
91179	Auctions—on Premises Owned or Rented by the Insured
91190	Automobile Dismantling
91200	Blacksmithing
91210	Blasting Operations
91235	Boat Repair and Servicing
91250	Boiler Inspection, Installation, Cleaning or Repair
91265	Bridge or Elevated Highway Construction—Iron or Steel
91266	Bridge or Elevated Highway Construction—Concrete
91280	Building Structure—Raising or Moving
91302	Cable Installation in Conduits or Subways
91315	Cable or Subscription Television Cos.
91324	Caisson or Cofferdam Work—Foundations for Buildings
91325	Caisson or Cofferdam Work—Not Foundations for Buildings

ISO GL Class Code	Classification / General Description
91340	Carpentry—Construction of Residential Property Not Exceeding Three Stories in Height
91341	Carpentry—Interior
91342	Carpentry
91343	Carpentry—Shop Only
91405	Carpet, Rug, Furniture or Upholstery Cleaning—on Customers' Premises
91436	Ceiling or Wall Installation—Metal
91481	Chimney Cleaning
91507	Clay or Shale Digging
91523	Cleaning—Outside Surfaces of Buildings & Other Exterior Surfaces
91547	Commissary Work
91551	Communication Equipment Installation—Industrial or Commercial
91555	Computer Service or Repair
91560	Concrete Construction
91562	Concrete or Cement Distributing Towers—Rented to Others—Installation, Repair, or Removal Operations Only
91577	Conduit Construction for Cables or Wires
91580	Contractors—Executive Supervisors or Executive Superintendents
91581	Contractors—Subcontracted Work—in Connection with Construction, Reconstruction, Erection or Repair—Not Buildings
91582	Contractors—Subcontracted Work—in Connection with Building Construction, Reconstruction, Repair or Erection—Apartment or Office Buildings over Four Stories
91583	Contractors—Subcontracted Work—in Connection with Building Construction, Reconstruction, Repair or Erection—One- or Two-Family Dwellings
91584	Contractors—Subcontracted Work—in Connection with Construction, Reconstruction, Repair or Erection of Buildings—for Industrial Use
91585	Contractors—Subcontracted Work—in Connection with Construction, Reconstruction, Repair or Erection of Buildings
91586	Contractors—Subcontracted Work—in Connection with Oil and Gas Field Construction, Reconstruction or Repair
91587	Contractors—Subcontracted Work—in Connection with Pipeline (Other Than Oil or Gas) or Communication or Power Line Construction, Reconstruction or Repair
91588	Contractors—Subcontracted Work—in Connection with Bridge, Tunnel, Elevated Street or Highway Construction, Reconstruction or Repair
91589	Contractors—Subcontracted Work—in Connection with Street or Highway Construction or Repair, Not Elevated
91590	Contractors Permanent Yards—Maintenance or Storage of Equipment or Material
91591	Contractors—Subcontracted Work—Other Than Construction-Related Work
91606	Crop Spraying—By Contractors
91618	Dam or Reservoir Construction
91629	Debris Removal—Construction Site
91636	Detective or Investigative Agencies—Private
91641	Dike, Levee or Revetment Construction
91666	Diving—Marine

ISO GL Class Code	Classification / General Description
91722	Dock Operations—Coal, Grain or Ore
91746	Door, Window or Assembled Millwork—Installation—Metal
91746	Door, Window, or Assembled Millwork—Installation—Metal
91805	Draftsmen
92053	Dredging—Gold—Endless Bucket or Ladder Type
92054	Dredging—Gold—Floating Dragline Type
92055	Dredging
92101	Drilling—Other Than Water
92102	Drilling—Water
92215	Driveway, Parking Area or Sidewalk—Paving or Repaving
92215	Driveway, Parking Area, or Sidewalk—Paving or Repaving
92338	Drywall or Wallboard Installation
92445	Electric Light or Power Cos.
92446	Electric Light or Power Line Construction
92447	Electric Light or Power Line Construction—Rural Utilities Service Projects Only
92451	Electrical Apparatus—Installation, Servicing or Repair
92451	Electrical Apparatus—Installation, Servicing, or Repair
92453	Electric Light or Power Cooperatives—Rural Utilities Service Projects Only
92478	Electrical Work—within Buildings
92593	Elevator or Escalator Inspecting, Installation, Servicing or Repair
92663	Engineers or Architects—Consulting—Not Engaged in Actual Construction
94007	Excavation
94099	Express Cos.
94225	Farm Machinery Operations—By Contractors
94276	Fence Erection Contractors
94304	Fire Extinguishers—Servicing, Refilling, or Testing
94381	Fire Suppression Systems—Installation, Servicing or Repair
94404	Fireproofing—Structures
94444	Contractors
94569	Floor Covering Installation—Not Ceramic Tile or Stone
94590	Floor Waxing
94617	Freight Forwarders or Handlers—Other Than Packing, Handling or Shipping Explosives or Ammunition under Contract
94638	Freight Forwarders or Handlers—Packing, Handling or Shipping Explosives or Ammunition under Contract
95124	Furniture or Fixtures—Installation in Offices or Stores—Portable—Metal or Wood
95233	Garbage, Ash or Refuse Collecting
95233	Garbage, Ash, or Refuse Collecting
95305	Gas Cos.
95306	Gas Cos.—Natural Gas—Local Distribution
95310	Gas Mains or Connections Construction
95357	Geophysical Exploration—Other
95358	Geophysical Exploration—Seismic Method
95410	Grading of Land

ISO GL Class Code	Classification / General Description
95455	Grain Elevator Operations
95487	Greenhouse Erection
95505	Guniting or Shot-Crete
95620	Gunsmiths
95625	Handyperson
95630	Hazardous Material Contractors
95647	Heating or Combined Heating and Air Conditioning Systems or Equipment—Dealers or Distributors and Installation, Servicing or Repair—No Liquefied Petroleum Gas (LPG) Equipment Sales or Work
95648	Heating or Combined Heating and Air Conditioning Systems or Equipment—Dealers or Distributors and Installation, Servicing or Repair
96053	House Furnishings Installation
96317	Inspection and Appraisal Cos.—Inspecting for Insurance or Valuation Purposes
96408	Insulation Work—Plastic
96409	Insulation Work—Organic or Plastic in Solid State
96410	Insulation Work—Mineral
96611	Interior Decorators
96702	Irrigation or Drainage System Construction
96703	Irrigation Works Operations
96816	Janitorial Services
96872	Jetty or Breakwater Construction
96930	Web Site Designers
97002	Laboratories—Research, Development or Testing—Other Than Not-For-Profit
97002	Laboratories—Research, Development, or Testing—Other Than Not-For-Profit
97003	Laboratories—Research, Development or Testing—Not-For-Profit Only
97003	Laboratories—Research, Development, or Testing—Not-For-Profit Only
97047	Landscape Gardening
97050	Lawn Care Services
97111	Logging and Lumbering
97220	Machine Shops
97221	Machinery or Equipment—Farm—Installation, Servicing, Repair or Erection
97222	Machinery or Equipment—Industrial—Installation, Servicing or Repair
97222	Machinery or Equipment—Industrial—Installation, Servicing, or Repair
97223	Machinery or Equipment—Installation, Servicing or Repair
97308	Marine Appraisers or Surveyors
97447	Masonry
97502	Solar Energy Systems—Existence Hazard Only (Lessor's Risk Only)
97503	Wind Turbines—Existence Hazard Only (Owner-Operated)
97504	Wind Turbines—Existence Hazard Only (Lessor's Risk Only)
97650	Metal Erection—Decorative or Artistic
97651	Metal Erection—Frame Structures Iron Work on Outside of Buildings
97652	Metal Erection—in the Construction of Dwellings Not Exceeding Two Stories in Height
97653	Metal Erection—Nonstructural

ISO GL Class Code	Classification / General Description
97654	Metal Erection—Steel Lock Gates, Gasholders, Standpipes, Water Towers, Smokestacks, Tanks, Silos, Prison Cells, Fire or Burglarproof Vaults
97655	Metal Erection—Structural
98002	Mining
98003	Mining—Surface
98090	Motion Pictures—Development of Negatives, Printing, and All Subsequent Operations
98090	Motion Pictures—Development of Negatives, Printing and All Subsequent Operations
98091	Motion Pictures—Film Distribution or Exchanges—Not Located at Motion Picture Studios
98092	Motion Pictures—Production—Studios or Outside—All Operations Prior to the Development of Negatives
98111	Office Machines or Appliances—Installation, Inspection, Adjustment or Repair
98111	Office Machines or Appliances—Installation, Inspection, Adjustment, or Repair
98150	Oil or Natural Gas Lease Operations
98151	Oil or Gas Lease Operations—Natural Gas—within the Limits of Any Town or City on the Right-Of-Way of Any Railroad, or in Any Ocean, Gulf or Bay
98152	Oil or Gas Lease Work by Contractors—Not Lease Operation
98153	Oil or Gas Wells—Acidizing
98154	Oil or Gas Wells—Cementing
98155	Oil or Gas Wells—Cleaning or Swabbing by Contractors
98156	Oil or Gas Wells—Cleaning or Swabbing by Contractors—within the Limits of Any Town or City, on the Right-of-Way of Any Railroad, or in Any Ocean, Gulf or Bay
98157	Oil or Gas Wells—Drilling or Redrilling, Installation or Recovery of Casing
98158	Oil or Gas Wells—Drilling or Redrilling, Installation or Recovery of Casing—within the Limits of Any Town or City, on the Right-of-Way of Any Railroad, or in Any Ocean, Gulf, or Bay
98159	Oil or Gas Wells—Instrument Logging or Survey Work in Wells
98160	Oil or Gas Wells—Perforating of Casing
98161	Oil or Gas Wells—Servicing—By Contractors
98162	Oil or Gas Wells—Shooting
98163	Oil Rig or Derrick Erecting or Dismantling—Wood or Metal
98164	Oil Still Erection or Repair
98257	Orchards and Vineyards—Operation by Contractors
98303	Painting—Exterior—Buildings or Structures—Exceeding Three Stories in Height
98304	Painting—Exterior—Buildings or Structures—Three Stories or Less in Height
98305	Painting—Interior—Buildings or Structures
98306	Painting—Oil or Gasoline Tanks
98307	Painting—Ship Hulls
98308	Painting—Shop Only
98309	Painting—Steel Structures or Bridges
98344	Paperhanging
98405	Piano Tuning

ISO GL Class Code	Classification / General Description
98413	Pile Driving–Building Foundation Only
98414	Pile Driving–Other
98415	Pile Driving–Sonic Method
98423	Pipeline Construction–Gas
98424	Pipeline Construction–Other
98425	Pipeline Construction–Oil
98426	Pipeline Construction–Slurry–Nonflammable Mixtures
98427	Pipelines–Operation–Gas
98428	Pipelines–Operation–Other
98429	Pipelines–Operation–Oil
98430	Pipelines–Operation–Slurry–Nonflammable Mixtures
98449	Plastering or Stucco Work
98482	<u>Plumbing–Commercial and Industrial</u>
98483	<u>Plumbing–Residential or Domestic</u>
98502	Prefabricated Building Erection
98555	Quarries
98597	Radio or TV Broadcasting Stations–Other Than Not-For-Profit
98598	Radio or TV Broadcasting Stations–Not-For-Profit Only
98601	Railroad Construction
98622	Railroads–Operation and Maintenance–with BI Passenger Hazard
98623	Railroads–Operation and Maintenance–without BI Passenger Hazard
98624	Railroads–Shop Operation and Maintenance
98636	Refrigeration Systems or Equipment–Dealers and Distributors and Installation, Servicing, or Repair–Commercial
98640	Renovating–Outside Surfaces of Buildings
98658	Rigging–Not Ship or Boat
98659	Rigging–Ship or Boat
98677	Roofing–Commercial or Residential over Three Stories
98678	Roofing–Residential–Three Stories and Under
98698	Salvage Operations
98699	Salvage Operations–Removing, Sorting, Reconditioning and Distributing of Merchandise in Damaged Buildings and Incidental Operations Away from Such Buildings
98705	Sandblasting
98710	Sand or Gravel Digging
98751	Security and Patrol Agencies
98806	Septic Tank Systems–Installation, Servicing or Repair
98810	Sewage Disposal–Plant Operations
98813	Sewer Cleaning
98820	Sewer Mains or Connections Construction
98871	Shaft Sinking
98884	Sheet Metal Work–Outside
98914	Ship Ceiling or Scaling
98949	Ship Repair or Conversion

ISO GL Class Code	Classification / General Description
98967	Siding Installation
98993	Sign Erection, Installation, or Repair
98993	Sign Erection, Installation or Repair
99003	Sign Painting or Lettering—Inside of Buildings
99004	Sign Painting or Lettering—on Buildings or Structures
99080	Solar Energy Contractors
99081	Solar Electric Farms
99081	Solar Energy Systems—Existence Hazard Only (Owner-Operated)
99082	Wind Farms—On-Shore
99083	Wind Farms—Off-Shore
99085	Wind Turbine Contractors—Installation, Service, or Repair—Off-Shore
99086	Wind Turbine Contractors—Installation, Service, or Repair—On-Shore
99111	Stables—Boarding, Livery or Racing
99160	Steam Heating or Steam Power Cos.
99163	Steam Mains or Connections Construction
99165	Steam Pipe or Boiler Insulation
99220	Stevedoring—By Hand or by Means of Hand Trucks Exclusively—No Hoisting of Cargo
99221	Stevedoring—Handling Explosives or Ammunition—under Contract
99222	Stevedoring
99223	Stevedoring—Talliers or Checking Clerks Engaged in Connection with Stevedoring Work
99303	Street Cleaning
99310	Snow and Ice Removal—Contractor
99315	Street or Road Construction or Reconstruction
99321	Street or Road Paving or Repaving, Surfacing or Resurfacing or Scraping
99471	Surveyors—Land—Not Engaged in Actual Construction
99505	Swimming Pool Servicing
99506	Swimming Pools—Installation, Servicing or Repair—Above Ground
99507	Swimming Pools—Installation, Servicing or Repair—Below Ground
99570	Tank Construction, Installation, Erection, or Repair—Metal—Not Pressurized
99571	Tank Construction, Installation, Erection, or Repair—Metal—Pressurized
99572	Tank Construction, Installation, Erection or Repair—Metal—Not Pressurized—within Buildings Exclusively
99573	Tank Construction, Installation, Erection or Repair—Metal—Pressurized—within Buildings Exclusively
99600	Telecommunication Service Providers
99600	Telecommunications Service Providers
99613	Telephone, Telegraph, or Cable Television Line Construction
99614	Telegraph Cos.
99620	Teleproduction Studios
99650	Television or Radio Receiving Set Installation or Repair
99709	Tent or Canvas Goods—Erection, Removal, or Repair—Away from Shop
99709	Tent or Canvas Goods—Erection, Removal or Repair—Away from Shop

ISO GL Class Code	Classification / General Description
99718	Theatrical Cos.–Traveling
99746	Tile, Stone, Marble, Mosaic or Terrazzo Work–Interior Construction
99760	Tobacco Rehandling or Warehousing
99777	Tree Pruning, Dusting, Spraying, Repairing, Trimming or Fumigating
99793	Truckers
99798	Tunneling
99803	Underpinning Buildings or Structures
99826	Upholstering
99827	Upholstering–Shop Only
99851	Veterinarians or Veterinary Hospitals
99851	Veterinarian or Veterinary Hospitals
99917	Warehouse–Cold Storage–Public
99938	Warehouses
99943	Water Cos.
99946	Water Mains or Connections Construction
99948	Water Softening Equipment–Installation, Servicing or Repair
99952	Waterproofing–By Pressure Apparatus
99953	Waterproofing–By Trowel–Exterior
99954	Waterproofing–By Trowel–Interior or Insulation Work
99955	Waterproofing
99963	Weighers, Samplers or Inspectors of Merchandise–on Vessels or Docks or at Railway Stations or Warehouses
99969	Welding or Cutting
99975	Window Cleaning
99986	Wrecking–Buildings or Structures
99987	Wrecking–Dismantling of Prefabricated Dwellings Not Exceeding Three Stories for Reerection
99988	Wrecking–Marine

SCHEDULE OF ENDORSEMENTS / FORMS

POLICY NUMBER: IEJDKL02154-654

The following forms and endorsements form a part of this policy:

Title	Number
Commercial General Liability Declarations	PGIA-0025 (5/14)
California Disclaimer	D-2 (07/11)
Commercial General Liability Coverage Form	CG0001 (12/04)
Exclusion-Violation of Statutes that govern E-Mails, Fax	CG0067 (03/05)
Employment-Related Practices Exclusion	CG2147 (12/07)
Fungi or Bacteria Exclusion	CG2167 (12/04)
Silica or Silica-related Dust Exclusion	CG2196 (03/05)
Common Policy Conditions	IL0017 (11/98)
U.S. Treasury Department's Office Of Foreign Assets Control	IL P 001 01 04
Notice of Service of Suit	RHIC 1005 (1/07)
Exclusion - Pre-Existing Damage or Injury	RHIC 1060 (1/07)
Policy Period Minimum Premium and Minimum Earned Premium	RHIC 1078 (11/16)
Signature Endorsement	RHIC-1101 0116
Deductible Liability Insurance	RHIC 1102 (Ed. 1/07)
Cancellation / Non-Renewal	RHIC 1112 (1/09)
Exclusion - Asbestos	RHIC 1252 (7/12)
Exclusion - Lead Liability	RHIC 1254 (7/12)
Changes to Commercial General Liability Coverage Form	RHIC 1309 (3/13)
Nuclear Energy Liability Exclusion Endorsement (Broad Form)	IL0021 (07/02)
Employee Benefits Liability Coverage	CG0435 (03/05)
Additional Insured-Owners, Lessees or Contractors (Form B)	CG2010 (11/85)
Add'l Insured-Owners,Lessees or Contractors/Auto Status	CG2033 (07/98)
Additional Insured - Lessor of Leased Equipment	CG2034 (04/13)
Exclusion of Certified Acts of Terrorism and other Acts	CG2175 (01/15)
Exclusion - Exterior Insulation And Finish Systems	CG2186 (12/04)
Exclusion - Contractors - Professional Liability	CG2279 (07/98)
Waiver Of Transfer Rights Of Recovery Against Others	CG2404 (10/93)
Amendment - Aggregate Limits of Insurance Per Project	CG2503 (11/85)
Contractors Pollution Liability Coverage Endorsement	RHIC 1124 (04/15)
Exclusion - Earth Movement	RHIC 1008 (1/07)
Wrap Up Exclusion	RHIC 1113 (07/15)
Independent Contractors Endt Indemnity Participation Prov.	RHIC 1188 (02/15)
Exclusion - Locations and Operations Covered by a Project-Specific Insurance Program	RHIC 1317 (12/14)
Conditional Completed Operation Prior Work Exclusion	RHIC 1343 (05/14)
Exclusion-Designated Residential Work Limited Exception	RHIC 1346 (05/14)

COMMERCIAL GENERAL LIABILITY ISSUED POLICY

Policy Number:

IEJDKL02154-654

COMMERCIAL GENERAL LIABILITY DECLARATIONS

Named Insured and Mailing Address	Producer
MEGA MECANICS, INC 500 David Street Corona, CA 92879	Producer Code: 0231 T5 STONEHILL INSURANCE COMPANY 4000 N. Arid Ave. Burbank, CA 91505 TELEPHONE: (555) 555-5555

FORM OF BUSINESS: INDIVIDUAL PARTNERSHIP JOINT VENTURE LIMITED LIABILITY COMPANY
 ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY). **BUSINESS OF NAMED INSURED:** Contractor

POLICY PERIOD: FROM 01-01-2022 TO 01-01-2023 at 12:01 A.M. Standard Time at your address shown above

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

LIMITS OF INSURANCE		
GENERAL AGGREGATE LIMIT	\$ 2,000,000	
PRODUCTS / COMPLETED OPERATIONS AGGREGATE LIMIT	\$ 2,000,000	
PERSONAL & ADVERTISING INJURY LIMIT	\$ 1,000,000	Any one person or organization
EACH OCCURRENCE LIMIT	\$ 1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$ 50,000	Any one premises
MEDICAL EXPENSE LIMIT	\$ 5,000	Any one person

SCHEDULE OF ALL PREMISES THAT YOU OWN, RENT OR OCCUPY (SAME AS MAILING ADDRESS, UNLESS OTHERWISE STATED).

CLASSIFICATION AND PREMIUM						
CLASSIFICATION	CODE NO.	PREMIUM BASE GROSS SALES	RATE		ADVANCE PREMIUM	
			Prem/Ops	Prod/Comp Ops	Prem/Ops	Prod/Comp Ops
Contractor	VARIOUS	\$ 8,000,000	4.50	INCL	\$ 36,000	INCL

MINIMUM & DEPOSIT PREMIUM	\$ 36,000.00	AUDIT PERIOD (if applicable)
INSPECTION + AUDIT FEE	\$ 400.00	<input checked="" type="checkbox"/> ANNUAL <input type="checkbox"/> QUARTERLY
TOTAL PREMIUM+FEES	\$ 36,400.00	<input type="checkbox"/> SEMI ANNUALLY <input type="checkbox"/> MONTHLY

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ENDORSEMENT(S) LISTED IN THE ATTACHED SCHEDULE OF ENDORSEMENTS / FORMS, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned by _____ Date 01-04-2022

Issue Date: 01-04-2022

This policy of insurance has been issued in reliance upon the representations made in the application on file with the company

PREMIUM SUMMARY

General Liability - Stonehill Insurance Company Premium: \$36,000 (\$32,400 Annual Minimum) Taxes & Fees: \$1,564.80	\$37,564.80
--	-------------

GENERAL LIABILITY RATE SUMMARY

Class Code	Description	Rate	Rate Basis
	HVAC Installation, Service & Repair	\$4.50	Per \$1,000 Gross Sales

GENERAL LIABILITY EXCLUSIONS

Coverage Exclusions Include
But Are Not Limited To:

- Aircraft
- Asbestos
- Condo Conversions
- Earth Movement
- E-Mail Statutes
- EIFS
- Employment- Practices
- Engineers & Architects
- Fungi or Bacteria
- Nuclear Energy Liability
- Operations Covered by Project-Specific Policies
- Pollution
- Pre Existing Damage
- Prior Completed Operations
- Punitive Damages
- Toxic Drywall
- Terrorism
- Wrap-Up with Blanket Offsite
- War

GENERAL LIABILITY COVERAGE TERMS

Policy Term:	1/1/2022 - 1/1/2023																							
Insurance Carrier:	Stonehill Insurance Company (A-, XII)																							
Named Insured(s):	Mega Mechanics, Inc.																							
Form:	Occurrence																							
Liability Limits:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">General Aggregate</td> <td style="width: 30%; text-align: right;">\$2,000,000</td> </tr> <tr> <td>Products/Completed Operations Aggregate</td> <td style="text-align: right;">\$2,000,000</td> </tr> <tr> <td>Personal & Advertising Injury Liability</td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td>Each Occurrence Limit</td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td>Damage to Premises Rented to You</td> <td style="text-align: right;">\$100,000</td> </tr> <tr> <td>Medical Payments</td> <td style="text-align: right;">\$5,000</td> </tr> <tr> <td>Employee Benefits Liability (Occurrence)</td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td>Employee Benefits Liability (Each Employee)</td> <td style="text-align: right;"></td> </tr> <tr> <td>Employee Benefits Liability (Aggregate)</td> <td style="text-align: right;"></td> </tr> <tr> <td style="font-weight: bold;">Retro Date:</td> <td style="text-align: right;"></td> </tr> <tr> <td style="font-weight: bold;">Deductible:</td> <td style="text-align: right;">ALWAYS Select Another Option Per Employee</td> </tr> </table>		General Aggregate	\$2,000,000	Products/Completed Operations Aggregate	\$2,000,000	Personal & Advertising Injury Liability	\$1,000,000	Each Occurrence Limit	\$1,000,000	Damage to Premises Rented to You	\$100,000	Medical Payments	\$5,000	Employee Benefits Liability (Occurrence)	\$1,000,000	Employee Benefits Liability (Each Employee)		Employee Benefits Liability (Aggregate)		Retro Date:		Deductible:	ALWAYS Select Another Option Per Employee
General Aggregate	\$2,000,000																							
Products/Completed Operations Aggregate	\$2,000,000																							
Personal & Advertising Injury Liability	\$1,000,000																							
Each Occurrence Limit	\$1,000,000																							
Damage to Premises Rented to You	\$100,000																							
Medical Payments	\$5,000																							
Employee Benefits Liability (Occurrence)	\$1,000,000																							
Employee Benefits Liability (Each Employee)																								
Employee Benefits Liability (Aggregate)																								
Retro Date:																								
Deductible:	ALWAYS Select Another Option Per Employee																							
Defense Costs:	Defense Costs Are Outside the Policy Limits																							
Deductible:	<p>\$2,500 (Property Damage) Per Occurrence</p>																							
Rates:	<p>Auditable (Annual) \$4.50 Per \$1,000 of Gross Sales Premium Basis: \$8,000,000 Operations: HVAC Installation, Service & Repair (#)</p> <p>\$36,000 Annual Minimum and Deposit Premium</p>																							
Coverages Include But Are Not Limited To:	<p>Blanket Additional Insured – When Required by Written Contract Your Ongoing Operations () Your Completed Operations () Your Ongoing and Completed Operations () Primary Wording () Waiver of Transfer of Rights of Recovery ()</p>																							
Coverage Restrictions:	<p>See the Attached Subcontractor Contract Requirements A Brief List of Exclusions is Attached for Your Review</p>																							
Cancellation:	30 Days, Except 10 Days for Non-Payment of Premium																							
Minimum Premium:	25% Annual Minimum Earned Premium if Policy Cancelled Early																							

LICENSE #0A24052

3200 GALAXY CIRCLE, SIMI VALLEY, CA 93063

(555) 555 - 5555 FAX (555) 555 - 5554

RENEWAL QUOTATION

[X] FAX TO: (555) 555 - 5556

PER YOUR SUBMISSION FOR INSURANCE, WE ARE PLEASED TO OFFER THE FOLLOWING:

QUOTED WITH: STONEHILL INSURANCE COMPANY

QUOTE NUMBER: 44564 - 3

QUOTE EXPIRES 01/01/23
PROD: ATTN: BRANDON APPLEBOTTOM NAME OF MEGA MECANICS, INC.
PROD# 0231 T5 INSURED:
4000 N. ARID AVE.
BURBANK, CA 91505
TEL#: (555) 555 - 5555 POLICY NO. IEJDKL02154-654

LIABILITY COVERAGES	
EACH OCCURRENCE	1,000,000
DAMAGE TO PREMISES RENTED TO YOU	50,000
MEDICAL EXPENSE (ANY ONE PERSON)	5,000
PERSONAL AND ADVERTISING INJURY	1,000,000
GENERAL AGGREGATE	2,000,000
PRODUCTS-COMPLETED OPERATIONS	2,000,000

LIABILITY PREMIUM	\$35,000.00
-------------------	-------------

COVERAGE: COMMERCIAL GENERAL LIABILITY TOTAL PREMIUM \$ 35,000.00M&D
DEDUCTIBLE: \$2,500 AUDIT-INSP-ADMIN FEES\$ 250.00
TOTAL Excl Terrorism \$ 35,250.00
PER OCC. TOTAL Incl Terrorism \$ 37,000.00

RATE: \$4.375 per \$1,000 gross sales in excess of
BASIS: \$8,000,000

TERRORISM: \$1,750.00
MIN. EARNED: \$8,750.00

CONDITIONS: Stonehill Insurance Co is A.M. Best rated A- XII (Excellent) with a Stable Outlook

Commercial General Liability (ISO Occurrence form CG0001 1204)
Common Conditions (IL0017 1198)
X-Nuclear (IL0021 0702)
X-Email Statutes (CG0067 0305)
X-Employment Practices (CG2147 1207)
X-Fungi or Bacteria (CG2167 1204)
X-Silica (CG2196 0305)
Service of Suit (RHIC 1005 0107)
X-Pre Existing Damage (RHIC 1060 0107)
Changes in CGL (RHIC 1309 0313)
X-Asbestos (RHIC 1252)
X-Lead (RHIC 1254)

***** SEE ATTACHED CONDITIONS *****

IMPORTANT NOTE

PLEASE READ CAREFULLY AS THE QUOTE MAY NOT INCLUDE ALL THE CONDITIONS, TERMS OR COVERAGES REQUESTED. NO FLAT CANCELLATIONS. PRODUCER IS RESPONSIBLE FOR EARNED PREMIUMS. ALL FEES FULLY EARNED.

LICENSE #0A24052

3200 GALAXY CIRCLE, SIMI VALLEY, CA 93063

(555) 555 - 5555 FAX (555) 555 - 5554

RENEWAL QUOTATION

[] FAX TO: (555) 555 - 5556

PER YOUR SUBMISSION FOR INSURANCE, WE ARE PLEASED TO OFFER THE FOLLOWING:

QUOTED WITH: STONEHILL INSURANCE COMPANY

QUOTE NUMBER: 44564 - 3

QUOTE EXPIRES

01/01/23

PROD: ATTN: BRANDON APPLEBOTTOM

NAME OF
INSURED: MEGA MECANICS, INC.

PROD# 0231 T5

4000 N. ARID AVE.

BURBANK, CA 91505

TEL#: (555) 555 - 5555

POLICY NO. IEJDKL02154-654

ADDITIONAL CONDITIONS:

Minimum Premium Endt (RHIC 1078 1116)

Deductible (RHIC 1102 0107)

Cancellation and Non Renewal (RHIC 1112 0109)

US Treasury Notice (IL P001 0104)

Terrorism (TRIA) Endts.

X-EIFS (CG2186 1204)

X-Contrs Prof (CG2279 0798)

X-Wraps with Offsite Coverage (RHIC 1113 0117)

Independent Contrs Limitation (RHIC 1188 0215)

X-Ops Covered by Project-Specific Policies (RHIC 1317 12/14)

X-Designated Residential (RHIC 1346 0514)

Conditional Prior Work Excl (RHIC 1343 05140)

(excludes prior compl ops or prior work ONLY IF the preceding GL carrier has an exclusion)

Blanket Addl Insd (CG2033 0798) with primary wording

Blanket Addl Insd (CG2034 0413) (lessor of leased equipment)

Blanket Addl Insd (CG2010 1185) with primary wording-commercial work only

Blanket Subro Waiver (CG2404 1093)

Per Project General Agg (CG2503 1185)

Contractors Pollution Coverage (RHIC 1124 0415)

EBL (retro date 1/1/17) (CG 0435)

90% minimum upon audit

Subject To: (POLICY OR BINDER WILL BE CANCELLED IF COMPLIANCE NOT MET.)

Terrorism Notice completed and signed by applicant PRIOR TO BINDING

Accord app to be signed by applicant within 30 days of binding
PGIA Surplus Lines Tax Letter within 30 days of binding

17/18, 18/19, 19/20, 20/21 years clean currently valued loss runs
within 30 days of binding

PGIA Contrs Questionnaire (03-11 edition) with details of any new apartment projects signed by the applicant within 30 days of binding

Term is 1 year unless otherwise indicated.

LICENSE #0A24052

3200 GALAXY CIRCLE, SIMI VALLEY, CA 93063

(555) 555 - 5555 **FAX** (555) 555 - 5554

RENEWAL QUOTATION

[X] **FAX TO:** (555) 555 - 5556

PER YOUR SUBMISSION FOR INSURANCE, WE ARE PLEASED TO OFFER THE FOLLOWING:

QUOTED WITH: STONEHILL INSURANCE COMPANY

QUOTE NUMBER: 44564 - 3

QUOTE EXPIRES

01/01/23

PROD: ATTN: BRANDON APPLEBOTTOM
PROD# 0231 T5
4000 N. ARID AVE.
BURBANK, CA 91505
TEL#: (555) 555 - 5555

**NAME OF
INSURED:** MEGA MECANICS, INC.

POLICY NO. IEJDKL02154-654

ADDITIONAL CONDITIONS:

This policy is auditable. THE FINAL EARNED PREMIUM RETAINED BY THE COMPANY SHALL NOT BE LESS THAN 100% OF THE TOTAL ADVANCE PREMIUM.

No "flat" cancellations allowed; you are responsible for the Minimum Earned Premium and all fees, upon binding.

Submission of certificates of insurance is not required and will not be accepted. Certificates are informational documents provided by the issuing party to the certificate holders, confer no rights upon the certificate holders and do not amend, extend or alter the coverage afforded by the insurance policy. As such, certificates should not be sent to the Company or to PGIA for review, approval or for notification purposes.

Workers' Compensation Quote

Account Name: LandComm, Inc

Effective Date: 10/1/2019

10/01/2019 - 10/01/2020

State	Class Code	Loc.	Description	Payroll	Base Rate	Premium	Net Rate
CA	0042	1	Landscape Gardening	65,000	14.02	9,113	11.06
CA	5195	1	Communications Cabling	100,000	11.45	11,450	9.04
CA	8742	1	Salespersons - Outside	If Any	0.85	0	0.67
CA	8810	1	Clerical Office Employees	45,000	0.67	302	0.53
CA	9015	1	Building Operation - all other employees	100,000	11.48	11,480	9.06
CA	9516	1	Television, Video, Audio and Radio Equipment Installation, \$	If Any	7.70	0	6.08
Total Payroll				\$310,000			

Total Manual Premium **\$32,345**

0930	CA Blanket Waiver of Subrogation	1.02	647
9898	Experience Modifier	0.76	-7,918
9724	Territorial Modifier	1.20	5,015
9887	Schedule Rating	0.90	-3,009
0063	CA Premium Discount	0.9426	-1,554

Total Modified Premium **\$25,526**

0900	Expense Constant	240
9740	Terrorism	93

TOTAL ESTIMATED ANNUAL PREMIUM *Final Rating Factor: 0.7892* **\$25,859**

9695	CA Surcharge (CIGA Surcharge)	517
9682	CA Workers Compensation Admin Fund Assessment	81
9700	CA Uninsured Employers Benefits Fund Assessment	19
9701	CA Subsequent Injury Benefits Trust Fund Assessment	35
9702	CA Occupational Safety and Health Fund Assessment	60
9703	CA Labor Enforcement & Compliance Fund Assessment	50
9681	CA Fraud Surcharge Assessment	43

Total CA Assessments **\$805**

Total Estimated Policy Cost **\$26,664**

PREMIUM RATING DETAILS

Class Code	Description	Payroll	Base Rate	Premium	Net Rate
0042	Landscaping	\$65,000	\$14.02	\$9,113	\$11.06
5195	Communications Cabling	\$100,000	\$11.45	\$11,450	\$9.04
8742	Sales	If Any	\$0.85	\$0	\$0.67
8810	Clerical	\$45,000	\$0.67	\$302	\$0.53
9015(1)	Building Operation (NOC)	\$100,000	\$11.48	\$11,480	\$9.06
9516	Audio/Video/Radio Equipment	If Any	\$7.70	\$0	\$6.08
Manual Premium				\$32,345	
Blanket Waiver of Subrogation				\$647	
Experience Modifier (0.67)				\$-7,918	
Territorial Modifier				\$5,015	
Schedule Rating				\$-3,009	
CA Premium Discount				\$-1,554	
Expense Constant				\$240	
Terrorism				\$93	
Estimated Annual Premium				\$25,859	
California Guarantee Fund Assessment				\$517	
California Fraud Surcharge Assessment				\$43	
California Workers' Compensation Admin Fund Assessment				\$81	
California Uninsured Employers Benefits Fund Assessment				\$19	
California Subsequent Injury Benefits Trust Fund Assessment				\$35	
California Occupational Safety & Health Fund Assessment				\$60	
Labor Enforcement & Compliance Fund				\$50	
Total State Assessments				\$805	
Goodman Insurance Services, Inc. Broker Fee				\$1,000	
Total Fees				\$1,000	
Total Policy Cost				\$27,664	
Amount Required to Bind Coverage				\$4,691	

Blanket Waiver of Subrogation

2% of manual premium (included in rates and premium above)

Item 4. Calculation of Premium

Schedule of Classifications

State	Class Code	Loc.	Description		Base Rate	Premium	Net Rate
CA	0042	1	Landscape Gardening	65,000	14.02	9,113	11.06
CA	5195	1	Communications Cabling	100,000	11.45	11,450	9.04
CA	8742	1	Salespersons - Outside	If Any	0.85	0	0.67
CA	8810	1	Clerical Office Employees	46,000	0.67	302	0.53
CA	9015	1	Building Operation - all other employees	100,000	11.48	11,480	9.60
CA	9516	1	Television, Video, Audio and Radio Equipment Installation, Service or Repair	If Any	7.70	0	6.08
Total Payroll				310,000			
Total Manual Premium							\$32,345
0930	CA Blanket Waiver of Subrogation			1.02	647		
9898	Experience Modifier			0.76	-7,918		
9724	Territorial Modifier			1.20	5,015		
9887	Schedule Rating			0.90	-3,009		
0063	CA Premium Discount			0.9426	-1,554		
Total Modified Premium							\$25,526
0900	Expense Constant				240		
9740	Terrorism				93		
TOTAL ESTIMATED ANNUAL PREMIUM							\$25,859
9695	CA Surcharge (CIGA Surcharge)				517		
9682	CA Workers Compensation Admin Fund Assessment				81		
9700	CA Uninsured Employers Benefits Fund Assessment				19		
9701	CA Subsequent Injury Benefits Trust Fund Assessment				35		
9702	CA Occupational Safety and Health Fund Assessment				60		
9703	CA Labor Enforcement & Compliance Fund Assessment				50		
9681	CA Fraud Surcharge Assessment				43		
Total CA Assessments							\$805

Insured: LandComm, Inc

Policy Number: 123456789

Effective Date: 10/01/2019

Total CSR - Data - Personal Lines - Agency 101

Insurance Projects Personal Lines

Personal Lines - New Hire - QPLS Designation (Admin)

Agency 101

Learn the Lingo - Jot down unfamiliar terms as you hear them and look them up

Process makes Perfect - Ask if your Agency has a procedure manual

Understanding Insurance Policies - Start with one and learn how to read it well

Keep an Up-to-Date Important Contacts List

Types of Agencies

Independent Agencies - Agents sells policies from more than one carrier

Captive Agencies - Agents sells policies from only one carrier

Insurance Carriers

Managing General Agent

Managing General Underwriter

Wholesaler's

Roles in the Agency

Account Managers, or CSR's - focuses on renewals

Account Executives - Manages large accounts, high level of knowledge

Producers - Hunts for new business

Communication Skills

Total CSR - Data - Personal Lines - Introduction to Personal Lines

[Insurance Projects Total CSR Personal Lines](#)

Introduction and Terminology

INSURED - A person or organization covered by insurance.

CLAIM - A formal request to an insurance company for coverage or compensation for a covered loss or policy event.

CLAIMANT - A person who makes an insurance claim.

LOSS - Any injury or damage that the insured suffers because of a covered accident or misfortune.

CARRIER - A business that provides coverage, in the form of compensation resulting from loss, damages, injury, treatment or hardship in exchange for premium payments.

ADMITTED CARRIER - An insurance carrier that is formally admitted or licensed to operate by the state insurance agency where the company operates. They typically contribute to the state guaranty fund, which protects policyholders from the bankruptcy of its insurance carrier.

NON-ADMITTED CARRIER - Non-admitted carriers are usually referred to as *surplus* or *excess* lines insurers. Non-admitted carriers are not state regulated and do not contribute to the state guaranty fund, which protects policyholders from the bankruptcy of its insurance carrier.

UNDERWRITERS - Trained insurance professionals with specialized knowledge in risk assessment and determines whether they will insure something or someone, and at what cost to the insured.

PREMIUM - An amount to be paid for an insurance policy.

LIABILITY - The state of being responsible for something, especially legally.

Overview

These are some of the types of personal insurance policies individuals may consider:

- Homeowners

- Personal Auto
- Dwelling
- Umbrella
- Personal Articles Floaters
- Earthquake
- Flood

Terminology

PROPERTY COVERAGE - Insurance on buildings and their contents; Insurance that protects your dwelling and personal belongings.

LIABILITY COVERAGE - Covers losses for which an insured is legally liable.

EXCLUSIONS - A provision in an insurance policy that denies coverage for certain perils, people, property, or locations.

ENDORSEMENTS - A written agreement attached to a policy expanding or limiting the benefits otherwise payable under the policy.

PERIL - A specific risk or cause of loss covered by an insurance policy, such as a fire, windstorm, flood, or theft.

INSURABLE INTEREST - The interest (monetary relationship) that a person has on property which is insured. A person has an insurable interest in something when loss or damage to it would cause that person to suffer a loss.

CC&R - Covenants, Conditions & Restrictions are limits and rules placed on a group of homes or condominium complex by a builder, developer, neighborhood association, or homeowners association.

Insurable Interest

There are two kinds of possible insurable interest:

- Ownership
- Non-Ownership

Ownership

The owner of the covered property has an insurable interest because they will suffer a financial loss should the property become damaged.

Types of Ownership:

- Owner(s)
- Named Insured, Family Trusts, LLC's
- Mortgagee
- Lenders (Second Trust Deed Note)
- Anyone who can lose financially

Non-Ownership

Even though a person or entity is not the owner of the covered property, they have an insurable interest because they are contractually liable for the property should the property become damaged.

Types of Ownership:

- Auto Leases
- Apartment Leases
- Rented Property
- Short-term Home Rentals
- Items Loaned/Borrowed

Property Coverage

One of the reasons why an individual obtains a personal lines insurance policy is to protect their assets against losses and/or damages.

Here are the four primary types of property your client may want to have coverage for:

- Home
- Automobiles and Recreational Vehicles
- Secondary Homes (Vacation or Rental Properties)
- High-Priced Personal Articles

Examples -

Home - A grease fire damages your kitchen. Your Homeowners Insurance Policy will help cover the damages.

Auto - A tree branch falls on the hood of your car breaking it and damaging the hood and the window. Your Personal Auto Policy may help cover the cost to repair the damages. Recreational vehicles like ATVs and Dune Buggies can also be covered under a Personal Auto Policy. More information about recreational vehicles will be included in the Personal Auto Policy module.

Secondary Home - A thief broke into your vacation home and stole the flat screen televisions and new appliances. A Dwelling Policy may help to cover the cost of replacing these items.

High Priced Personal Items - The diamond on your engagement ring fell out and you can't find

it! Fortunately, you had it appraised and insured with a Personal Articles Floater Policy, which will help cover the cost to replace the diamond.

Liability Coverage

Another reason why an individual obtains a personal lines insurance policy is to protect others when they themselves are liable (held responsible) for the loss or damage caused.

Categories of Personal Lines liability coverage include:

- Bodily Injury
- Property Damage
- Personal Liability
- Cyber Liability

Examples -

Bodily Injury - Your child has friends over for a pool party. One of her friend's slips on the wet concrete and breaks her arm. You may now be responsible for the medical expenses related to this injury.

Property Damage - Your children are playing home run derby in the backyard when the bat slips out of your son's hand and breaks the bay window. The property coverage on your homeowner's policy will help cover the cost to replace the window.

Personal Liability - Your golden doodle had a rough day at the groomer and bit the neighbor. You are liable for any resulting injuries.

Cyber Liability - Two surgeons were awarded \$12 million after a former patient developed a serious infection after plastic surgery and set up a gripe site to criticize the practice.

Homeowners Insurance

Homeowners Insurance is a form of property insurance that covers losses and damages to an individual's house, referred to as the 'dwelling'. In addition, it covers the assets in the home, referred to as 'personal property'. Homeowners insurance also provides liability coverage against accidents in the home or on the property. Simply put, a Homeowners Insurance policy helps protect the most valuable assets most people will ever own.

Homeowners Insurance is made up of coverages that help to repair or replace an individual's home or belongings if they are damaged by certain perils, such as fire or theft. It can also help to cover costs if an individual accidentally damages another person's property or if a visitor is injured at their home.

Condominiums

If a homeowner purchases a condominium, they are required to purchase a particular type of Homeowners form. This is a type of form that specifically covers the specialized needs required by condominium owners. Condominium owners have specialized needs because all condominium owners are part of an association that owns all common area property as defined in governing documents called a CC&R.

Tenants (Renters Insurance)

Another type of Homeowners Insurance form provides coverage for tenants and is commonly referred to as 'Renters Insurance'. This type of insurance is designed for someone renting or leasing a property, apartment, home, condominium as their personal residence. This type of coverage is mainly for a tenant's personal property and/or loss of use of the dwelling.

Example - Your apartment was broken into while you were at the movies. The intruders forced entry to the back door and got away with the television, DVD player, stereo system and jewelry. Renters Insurance will cover the cost to replace these items.

Personal Auto Policy

The second major type of asset a client is likely to own is an automobile. Personal Auto Policies are mandated in most states and provide protection against financial loss in the event of an accident or theft. Personal Auto Policies generally provide coverage for,

1. **Liability** - Your insured's legal responsibility to others for bodily injury or property damage.
2. **Property** - Damage or theft to your insured's auto.
3. **Medical** - The cost of treating injuries to the driver and passengers of the insured's auto if involved in an accident.

Example - You are enjoying a weekend drive when you accidentally rear-end the car in front of you at a red light. There is minor damage to both vehicles, but fortunately, no one has been injured. Your Personal Auto Policy will help cover the cost to repair the damage to both the other party's vehicle and to your own vehicle.

Dwelling Policy

Homeowners insurance is intended for owner-occupied properties. For properties that will be owned by one party who will not be residing in it, a Dwelling policy should be purchased.

Example - You own a rental property and unfortunately, there was a small kitchen fire at that property. Your tenants had to move out while you make repairs. Dwelling coverage may help cover the loss for both the damage to the property and also for your loss of rent income during the time when the home is being repaired.

Personal Umbrella Policy

A Personal Umbrella Policy can be purchased to provide more coverage than is typically allowed under insured's homeowners, personal auto, or dwelling insurance policies. Mainly, it will cover your clients for when they are liable for a catastrophic loss.

Example - Imagine your insured caused a car accident that severely injured the other driver. Your insured was sued for bodily injury and was found to be at fault. The suit was settled for \$1,000,000 but your insured's auto policy doesn't provide enough coverage to pay this amount. Fortunately, your insured purchased a Personal Umbrella Policy which provides the rest of the coverage needed to settle the claim.

Personal Articles Floater

Homeowners Insurance policy includes coverage for jewelry and other precious items, such as fine art or valuable sports memorabilia. To keep the coverage affordable, Homeowners Policies provide a small amount of coverage for such items, which means that the insurer won't pay more than that amount for any given piece of jewelry or other valuable items. Personal Articles Floaters are one way that insureds can choose to increase their coverage for expensive personal articles (property).

Example - You have been a collector of fine art for many years. Sadly, your home burned down in a wildfire and you lost your art collection. Fortunately, your art had been appraised and covered under a Personal Articles Floater, and you will be able to collect the value of the loss from the art collection.

Earthquake Insurance

Earth movement is excluded from all Homeowners Insurance Policies. For an insured to protect their home from earthquakes, they must purchase Earthquake insurance. This is a form of property insurance that pays the policyholder in the event of an earthquake that causes damage to the property.

In some states, this can be added onto the policy as an endorsement. In other states, like California, Earthquake coverage must be purchased through a separate policy.

Example - Your insured has purchased a Homeowners policy. A major earthquake occurs and the home is completely destroyed along with all the property inside. Unfortunately, your insured did not take your advice to purchase an Earthquake policy. Your insured's home and personal property did not have earth movement coverage and so the insured will have to replace the property at their own expense.

Flood Insurance

Some types of water damage are included in a typical homeowners insurance policy. However, water damage caused by flooding is specifically excluded from a Homeowners policy. A Flood

policy covers a dwelling for losses sustained by water damage specifically as it relates to flooding.

Clients that live in designated flood zones are required to obtain flood insurance; however, clients whose home could be flooded by storm surge, melting snow, an overflowing creek, or even water running down a steep hill should also consider purchasing a Flood policy.

Example - Your insured has purchased a Homeowners policy. A major flood occurs and the home is completely destroyed along with all the property inside. Thankfully, your insured was required to purchase a Flood policy by their lender. Your insured had flood coverage and so the insurance company replaced both their home and personal property at no expense to the insured.

Total CSR - Data - Personal Lines - Homeowners

[Insurance Projects Total CSR Personal Lines](#)

Coverages

Homeowners Insurance policies protect the most valuable assets most people will ever own. The protection granted by the policy is determined by which coverages are included in the policy.

The coverages within a homeowners policy are grouped into two different sections:

1. **Section I (Property Coverages)**
2. **Section II (Liability Coverages)**

Lesson Terminology

ASSET - A resource that has financial or other economic value.

COVERAGE - The amount of risk or liability that is covered for an individual or entity by way of insurance services.

THIRD PARTY INSURANCE - Insurance that pays someone other than the insured.

DWELLING - A house, apartment, condominium, or other place of residence.

FIRST PARTY INSURANCE - Insurance applying to the insured's own property or person.

CLAIMANT - A person who makes an insurance claim or the party to the loss.

BODILY INJURY - An action which causes bodily harm, sickness, or disease, including injuries that can result in death.

PROPERTY DAMAGE - Physical damage to property.

CLAIM - An insured's notice to a carrier that a loss has occurred under a policy of insurance.

LIABILITY COVERAGE - Covers losses for which an insured is legally liable.

Section I - Property Coverages

Property Coverages cover losses and damages to your insured's home and assets. Because the insurance policy pays benefits directly to the insured, it is considered First Party Insurance.

There are five different categories of property coverages included in Section I:

- Coverage A - Dwelling
- Coverage B - Other Structures
- Coverage C - Personal Property
- Coverage D - Loss of Use
- Additional Property Coverages

Coverage A - Dwelling

In Homeowners Insurance, the house is considered the dwelling. This means that the house and any attached structures (like an attached garage) are protected under Coverage A. Surprisingly, it also covers any materials on or next to the dwelling that is intended for use in alterations or repairs to the dwelling. For example, building materials that would be used to fix up your home.

Coverage B - Other Structures

Coverage B protects structures that are not attached to the main dwelling or house. For example, this can include detached garages, guest houses, sheds, pools, fences, or barns.

Please note! There are two exceptions for Coverage B:

1. Other structures that are rented to others are not covered
2. Other structures used in whole or in part for business purposes are not covered

Coverage C - Personal Property

Personal Property coverage reimburses a homeowner for the value of damaged possessions including furniture, appliances, and technology. This applies even when they aren't on the insured's property, such as possessions in an off-site storage locker or with a child at camp.

Not all personal property is covered under Coverage C.

For Examples - Animals, Birds, or Fish,

Motor vehicles and their equipment/parts

Property of **non-related** roomers, boarders, and other tenants

Coverage D - Loss of Use

Loss of Use coverage generally provides coverage for additional living expenses when a home cannot be lived in due to a covered loss. This can include reimbursement for things like a hotel stay, storage fees, pet boarding, and even renting a furnished apartment.

Coverage will also apply if the home is not damaged, but a civil authority, like a fireman or police officer, prohibits the insured from using the premises.

Additional Property Coverages

Most Homeowners Insurance policies provide other coverages in addition to the four primary property coverages in Section I.

These vary by policy but can include the following:

- Removal of debris following an insured peril
- Reasonable repairs to protect the property from further damage
- Trees, shrubs, and plants, for a limited set of perils
- Fire department service charge
- Removal of property that has been endangered by an insured peril
- The abrupt collapse of a building, for certain perils
- Unauthorized use of credit card, electronic fund transfer card or access device, forgery, and counterfeit money
- Loss assessments charged by a corporation or by an association of property owners
- Ordinance of law - increased cost of construction or repair because of a law
- Grave markers

Section II - Liability Coverages

Liability Coverages come into play when the insured is found responsible (a.k.a. liable) for injury or damages caused to others. Because the claimant is someone other than the insured, it is considered Third Party Insurance.

There are two different categories of liability coverages included in Section II:

- Coverage E - Personal Liability
- Coverage F - Medical Payments to Others

Coverage E - Personal Liability

When the homeowner, their family members, or their pets are at fault, this coverage protects the insured in two ways:

1. Liability for **bodily injury and/or property damage**
2. Defense against a lawsuit alleging liability for bodily injury and/or property damage.

Example - A homeowner's poodle escapes into the neighbor's yard, digging out their rose bushes and tears the stuffing out of their new outdoor seating furniture. Afterward, the poodle

bites the neighbor's child, inflicting an injury that requires stitches. The neighbor files a claim for the bodily injury and property damage caused by the homeowner's poodle. The homeowner is protected under Coverage E of their Homeowners Insurance Policy and the insurance carrier will pay for the following,

- Medical expenses for the stitches
- Replacement costs for the outdoor seating furniture
- Legal costs to settle the lawsuit

Coverage F - Medical Payments to Others

When small, often accidental, injuries sustained by a third party occurs on or off of the homeowner's premises, this coverage provides protection to those covered under the policy.

Who is an Insured?

Homeowners Insurance policies protect the most valuable assets most people will ever own, as well as, the people that are closest to them. However, coverage isn't provided to everyone.

NAMED INSURED - A person or organization, designated by name, as an insured on the insurance policy.

AUTOMATIC INSURED - Those parties who are provided some coverage under the insurance policy even though they are not the named insured (normally includes family members of the insured).

ADDITIONAL INSURED - A person or organization who is added as an insured on a policy at the request of the named insured.

RESIDENT RELATIVE - Individuals who have officially established residency at the dwelling through DMV records/voter registration AND are related to the named insured by blood, marriage, or adoption.

INSURABLE INTEREST - A person has "insurable interest" in something when a loss or damage to that item would cause that person to suffer a financial loss.

Qualifications for Coverage

In order to qualify for a Homeowners Insurance policy, insureds are required to meet certain criteria:

- The insured must own the dwelling
- The insured must reside in the dwelling and it must be used exclusively for residential purposes (in some cases, very low-risk businesses, like direct sales, may still qualify)

- The residence must be a one-to-four family dwelling (ex: single family home/duplex/triplex/quadplex) with no more than one additional family or two additional roomers/boarders residing in each unit.

Who is an Insured

There are four different types of insureds that can be protected under a Homeowners Insurance policy with the level of protection varying between each of them.

With the first being the most protected and the last being the lowest, here are the four types of insureds:

1. Named Insureds
2. Automatic Insureds
3. Extended Insureds
4. Additional Insureds

Named Insureds

The named insureds are the individuals or entities covered by all terms of the policy. As the owner(s) of the home, they must have dwelling, personal property, and liability coverage.

If the dwelling is owned by a married couple, both spouses should be listed on the policy as it provides protection in cases where one spouse moves out during a separation or a different unforeseen circumstance.

Automatic Insureds

Protection for automatic insureds is considered "reduced" because, as a non-owner of the dwelling, they do not qualify for dwelling coverage. Even so, they are still protected by personal property and liability coverage.

Automatic insureds include:

- Resident Relatives - Individuals who have officially established residency at the dwelling through DMV records/voter registration AND are related to the named insured by blood, marriage, or adoption.
- Persons under the age of 21 AND are in the care of the named insured or a resident relative.
- Students enrolled in school on a full-time basis who are a resident prior to moving out to attend school AND are either under the age of 24 if a relative OR is under 21 if in the care of the homeowner or resident relative.

Extended Insureds

Any person or entity held legally responsible for animals or watercraft owned by any insured.

For example, homeowners might ask a neighbor to watch their dog while they go out of town on vacation. This would result in the neighbor being an extended insured for the period in which they are responsible to care for the dog.

Additional Insureds

Virtually all mortgage companies require borrowers to have evidence of insurance coverage for the full or fair value of a property. As such, it is likely that they, as the lender, have an insurable interest and will request to be listed on the insured's policy as an additional insured.

There are a variety of other additional insureds that can be added to the policy. For example, the *Additional Insured Student Living Away from the Residence Premises* endorsement allows for a student to be any age (above 24), or a part-time student to be covered under the Homeowners Insurance Policy.

Coverage Eligibility

Homeowners Insurance coverage is determined through a variety of factors. The type of coverage chosen by your insured will determine how coverage is applied in the event of a loss.

There are four factors that influence coverage eligibility in a homeowners policy:

- 1.Cause of Loss Form
- 2.Valuation Method
- 3.Limits
- 4.Type of Dwelling

Terminology

PERIL - A specific risk or cause of loss covered by an insurance policy, such as a fire or theft.

NAMED PERIL - Insures against a list of specified causes of loss.

OPEN PERIL - Insures against all causes of loss that are not specifically excluded.

LIMIT - The most that will be paid by the insurer in the event of a covered loss under an insurance policy.

CC&R - Covenants, Conditions & Restrictions (CC&Rs) are limits and rules placed on a group of homes or condominium complex by a builder, developer, neighborhood association, or homeowners association.

Cause of Loss Form

For a homeowner to be reimbursed for damage to their property, a covered peril must have caused their loss. Perils covered depend on the type of cause of loss form included in their policy.

There are three different cause of loss forms:

- Basic Form
- Broad Form
- Special Form

Basic Form

Basic Form policies are the least comprehensive and cover homeowners for named perils.

Here are the most common named perils included for Basic Form:

- Fire
- Lightning (natural electricity)
- Windstorm or hail
- Explosion (no coverage for bursting pipes or rupture of pressure relief devices)
- Smoke (sudden and accidental loss or damage – no coverage for agricultural smudging or industrial smoke)
- Riot or civil commotion
- Vandalism or malicious mischief
- Vehicles or aircraft
- Volcanic action (excludes removal of ash or other debris that does not cause direct damage)
- Sinkhole collapse (excludes cost of filling or collapse into man-made underground cavities)

Broad Form

Broad Form also covers named perils but provides more extensive coverage than Basic Form.

Perils covered include all those listed in Basic Form plus the following,

- Weight of snow, ice, or sleet
- Water damage
- Falling objects
- Glass Breakage
- Building Collapse

Special Form

Special Form is the broadest of the three as it covers open perils. Rather than listing all perils that are included in coverage, this form lists only those perils which are specifically excluded from coverage.

Perils most commonly excluded from policies through special form include:

- Ordinance of Law
- Earth Movement
- Government Action
- Nuclear Hazard
- Flood
- War
- Intentional Loss
- Neglect

Valuation Methods

In Homeowners Insurance, carriers need to know the method of valuation used to determine appropriate coverage limits. There are indeed different ways one can calculate property value and these varying ways are referred to as "valuation methods."

There are three primary types of valuation methods used:

****Replacement Cost Value -**

Replacement Cost is the cost to replace, repair, or rebuild the home to its original condition with materials of the same kind and quality.

For Example:

A hardwood floor would be repaired or replaced with hardwood rather than a laminate or other material.

A standard homeowners policy contains a limit on the replacement value. If the limit is less than what it would take to rebuild the home at current construction material and labor costs, you may want to increase their policy limit.

Actual Cash Value -

Actual Cash Value is the replacement cost of the property at the time of a covered loss minus depreciation. This means the insurance company will subtract an amount for depreciation from the value of the homeowner's possessions before paying the claim.

For Example:

You purchased a gaming system two years ago for \$400.00. If you tried to sell it now, it is likely

that the value would be greatly reduced, perhaps \$50.00. On the contrary, the replacement cost value is what it would cost to replace the gaming system with a similar model today, which is likely \$400.00 or more. Replacement cost minus depreciation equals actual cash value.

Functional Replacement Cost -

Functional Replacement Cost is the cost to replace, repair or rebuild damaged dwellings to a similar condition, using contemporary materials.

For Example:

Plaster walls may be replaced with drywall. The maximum amount the homeowner is able to collect may not be enough to repair or replace the property to its original condition.

Limits

A limit is the highest amount of damages the insurance carrier will pay for a claim that the insured's policy covers. Limits within a Homeowners Insurance policy vary depending on coverage, the type of dwelling, and state.

Type of Dwelling

The amount of protection and what is protected depends on the insured's type of dwelling. Each dwelling type has its own corresponding coverage form (a standardized form used to construct an insurance contract). It is your job to help determine the appropriate coverage form for your insured.

There are three categories of dwellings that determine which homeowner policy forms are to be used,

- Single Family Homes
- Tenants (Renter's Insurance)
- Condominiums

Single Family Homes - The following Homeowners Forms are all intended for single-family, owner-occupied homes, or 1-4 unit family dwellings where the owner occupies one of the units. If an owner does not intend to live in the home, they will not qualify for one of the below-mentioned forms.

HO 00 02

This form is designed to meet the risk management needs of owner-occupants of dwellings and provides the following for the insured:

Coverage A - Dwelling

- Covered Cause of Loss - Broad Form
- Limit - Estimated Replacement Cost (ERC)
- Valuation Method - Replacement Cost Value (RCV)

Coverage B - Other Structures

- Covered Cause of Loss - Broad Form
- Limit - 10% of Coverage A's Limit
- Valuation Method - Replacement Cost Value (RCV)

Coverage C - Personal Property

- Covered Cause of Loss - Broad Form
- Limit - 50% of Coverage A's Limit
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 30 % of Coverage A's Limit

HO 00 03

This form is designed to meet the risk management needs of owners-occupants of dwellings who want **broader** coverage on their dwelling and other structures:

Coverage A - Dwelling

- Covered Cause of Loss - **Special Form**
- Limit - Estimated Replacement Cost (ERC)
- Valuation Method - Replacement Cost Value (RCV)

Coverage B - Other Structures

- Covered Cause of Loss - ****Special Form****
- Limit - 10% of Coverage A's Limit
- Valuation Method - Replacement Cost Value (RCV)

Coverage C - Personal Property

- Covered Cause of Loss - Broad Form
- Limit - 50% of Coverage A's Limit
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 30 % of Coverage A's Limit

HO 00 05

This form is designed to meet the needs of owner-occupants of dwellings who want the **broadest** coverage available for all their property:

Coverage A - Dwelling

- Covered Cause of Loss - Special Form
- Limit - Estimated Replacement Cost (ERC)
- Valuation Method - Replacement Cost Value (RCV)

Coverage B - Other Structures

- Covered Cause of Loss - Special Form
- Limit - 10% of Coverage A's Limit
- Valuation Method - Replacement Cost Value (RCV)

Coverage C - Personal Property

- Covered Cause of Loss - **Special Form**
- Limit - 50% of Coverage A's Limit
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 30 % of Coverage A's Limit

HO 00 08

Provides coverage for owner-occupants of dwellings who may not meet insurer standards required for other policy forms. It is designed to address specific concerns with coverage for older homes. Historic homes and registered landmarks usually carry this type of coverage:

Coverage A - Dwelling

- Covered Cause of Loss - Basic Form
- Limit - Estimated Replacement Cost (ERC)
- Valuation Method - *Functional* Replacement Cost Value (RCV)

Coverage B - Other Structures

- Covered Cause of Loss - Basic Form

- Limit - 10% of Coverage A's Limit
- Valuation Method - *Functional* Replacement Cost Value (RCV)

Coverage C - Personal Property

- Covered Cause of Loss - Basic Form
- Limit - 50% of Coverage A's Limit
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 10 % of Coverage A's Limit

Tenants

By default, a tenant does not own the place they reside and so are not responsible for repairing any buildings or structures if they get damaged. However, the tenant who desires to protect their personal property (whether they rent a home, condo, townhome, or apartment) is recommended to purchase renters insurance via the following Homeowners Form. In addition to Personal Property, most HO4 forms will give the renter Liability coverage and Medical Payments to Others coverage as well.

HO 00 04

This form does not provide coverage for dwellings or other structures. This form is designed to meet the needs of tenants:

Coverage A - Dwelling

- NOT COVERED

Coverage B - Other Structures

- NOT COVERED

Coverage C - Personal Property

- Covered Cause of Loss - Broad Form
- Limit - Personal Property Limit (Coverage C)
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 30% of Coverage C's Limit

Condominiums

Homeowners who own a condominium are required to purchase the following Homeowners Form.

HO 00 06

This form is designed to meet the needs of owners of condominium units and provides limited dwelling coverage for unit improvements and betterments:

Coverage A - Dwelling

- Covered Cause of Loss - Broad Form
- Limit - \$5,000
- Valuation Method - Replacement Cost Value (RCV)

Coverage B - Other Structures

- N/A

Coverage C - Personal Property

- Covered Cause of Loss - Broad Form
- Limit - Personal Property Limit (Coverage C)
- Valuation Method - Actual Cash Value (ACV)

Coverage D - Loss of Use

- Limit - 50 % of Coverage C's Limit

Governing Documents

All condominium owners are part of an association that owns all common area property as defined in governing documents called a "**CC&R**". The CC&R will typically provide what coverage limits are required for the owner to have for their policy. In condominium risk, the CC&R will cover both the common elements and the individual units.

Reviewing coverage for common elements is important due to loss assessments. A loss assessment is a property owner's share of a loss to property owned in common by all members of a property owners association. These assessments are generally reserved for one-time special projects or unanticipated catastrophes; however, both are costly and usually unanticipated for property owners.

Endorsements

Insurance policies are written to include coverage required by the majority of people to keep premiums affordable. However, sometimes an insured may have a particular need that the policy doesn't satisfy. An endorsement is a change to an insurance policy that adds, modifies, or removes coverage to provide that need.

There are endorsements available for nearly every eventuality and, once an endorsement is added to the insurance policy, it becomes part of the legal insurance contract. Unless the policy endorsement specifies a time period for which the endorsement is valid, it will typically remain part of the policy when renewed.

Section 1 - Common Property Endorsements

There are four property endorsements that are frequently utilized by homeowners.

Extended Replacement Cost - Some insurers offer an extended replacement cost endorsement for Coverage A - Dwelling. This can pay an extra 20% or more above the policy limits depending on your state.

Replacement Cost Endorsement - Some insurers offer a replacement cost endorsement for Coverage C - Personal Property. This means that in the event of a loss, your insured's personal property will be replaced without accounting for depreciation.

Limited Water Back-Up Endorsement (HO 04 95) - Water damage that arises from backed up sewers or drains is excluded from your insured's homeowners policy. This endorsement will help cover water damage due to a loss from a broken or clogged line.

Scheduled Personal Property Endorsement - Some personal property, like jewelry, guns, or musical instruments, have low coverage limits compared to their value. This endorsement will cover the specified property for a specified value that is agreeable to the insurer. This endorsement also protects these items in case of mysterious disappearance or unintentional loss and may eliminate the deductible for the scheduled property in the event of a covered loss.

Other Property Endorsements - Sometimes Flood and Earthquake endorsements can be included as a part of a Homeowners Policy. Increasingly, insurance companies are requiring a separate policy for these coverages. As such, both Flood Coverage and Earthquake Coverage will be covered in a different course.

While wind coverage is included in most Homeowners Insurance Policies, if you live along the Atlantic or Gulf coast, where hurricane risk is the highest, you may need to purchase separate windstorm insurance. Check with your agency for more information.

Section 2 - Common Liability Endorsements

There are three liability endorsements that are frequently utilized by homeowners.

Personal Injury (HO 24 82)

With the prevalence of social media, the risk of injuring a person's reputation by false and malicious statements, considered libel, is significant. If your teenage daughter Chloe, used her social media accounts to accuse a classmate, Peyton, of shoplifting and it wasn't true, your daughter would be defaming Peyton's reputation. As Chloe's parent, you could be held liable for the potential damage to Peyton's reputation.

Student Living Away from Residence Premises (HO 05 27)

If a student is over 24 or NOT a full-time student then they are excluded from coverage. In order to add him/her as an additional insured, this endorsement must be added to the policy.

Assisted Living Care Coverage (HO 04 59)

This endorsement specifies a name of a relative and the location of their Assisted Living residence. It provides personal property coverage to that location (with some limitations) and includes liability coverage while excluding medical payments to others coverage.

Other Liability Endorsements

- Additional Interests Residence Premises
- Additional Insured Residence Premises
- Trust Endorsement
- Home Business Insurance Coverage
- Additional Insured-Managers or Lessors of Premises Leased to an Insured
- Other Members of Your Household
- Host Sharing Activities Amendatory Endorsement
- Broadened Home Sharing Host Activities
- Exclusion Personal and Advertising Injury
- Liquor Liability Exclusion
- Home Day Care Coverage
- Personal Injury
- Permitted Incidental Occupancies Other Residence
- Owned Snowmobile
- Watercraft
- Business Pursuits
- Farmers Personal Liability
- Workers Compensation Residence Employee

Exclusions

An exclusion is language in an insurance policy that, instead of adding or modifying coverage, strictly removes coverage from the policy. This is sometimes built into the policy language itself but oftentimes is added through an endorsement. If the excluded coverage is necessary for the insured, the insured can sometimes negotiate for the exclusion to be removed from the policy.

Section 1 - Common Property Exclusions

Most insurance companies base their Homeowners Insurance Policies off of the forms created by the Insurance Services Office (ISO). The insurance companies use these forms as a template and then modify them to meet the needs of their clients and their company.

The most commonly used ISO Forms list the following property exclusions,

ORDINANCE OF LAW - A law that requires the homeowner(s) to remodel or renovate the property including debris removal.

EARTH MOVEMENT - This includes earth movement from an earthquake, land shock waves or tremors before or after a volcanic eruption, etc. Earth movement will be addressed in the Earthquake Insurance Module.

WATER - This includes damage from floods, surface water, tidal waves, tsunamis, and storm surges. Some water damage issues.

POWER FAILURE - This includes the failure of power or other utility services if the failure takes place off the homeowner's premises.

NUCLEAR HAZARD - This means any nuclear reaction, radiation, or radioactive contamination and any consequences this may have.

INTENTIONAL LOSS - This means any loss arising out of any act an insured (for example, the homeowner's child) commits that causes a loss.

GOVERNMENT ACTION - This includes the confiscation or destruction of property by a government authority.

Property Exclusions Examples

Mold - Homeowner's Insurance will not cover mold damage if it is caused by water associated with long-term leaks, poor home maintenance, construction defects, or naturally occurring floods. However, your standard policy may cover repairs if the mold stems from a sudden leak in your plumbing, as long as the insured takes action to fix the problem right away.

Wear and Tear - Homeowners Insurance is meant for sudden or accidental problems such as storms, burglaries, and fires. It is not intended for general wear and tear. Homeowners are expected to perform basic maintenance to keep homes from slipping into disrepair. Maintaining

the home's roof and exterior, replacing worn-out flooring, and tending to slow-leaking pipes are examples of things the insured should handle themselves over time.

Infestations - Bedbugs, termites, mice, and other vermin are typically excluded from Homeowners Insurance policies for the same reason that wear and tear is not covered. As far as the insurance companies are concerned, ridding the house of infestations and fixing the damage left behind is simply part of maintaining the home.

Section 2 - Common Liability Exclusions

Most companies forms either modify or add to these exclusions, but the most commonly used ISO Forms list the following liability exclusions.

- Aircraft Liability
- Bodily injury to any person eligible for Workers Comp
- Business
- Communicable Disease
- Controlled Substance
- Expected or Intended
- Insureds Premises Not an Insured Location
- Hovercraft Liability
- Watercraft Liability
- Motor Vehicle Liability
- Professional Service
- Sexual Molestation, Corporal
- Punishment Or Physical Or Mental Abuse
- War

Deductibles

The deductible is the amount the insurer will deduct from the loss before paying up to its policy limits in the event of a covered loss.

There are three common types of deductibles:

Flat Deductible - A specific or fixed dollar amount.

For Example:

The homeowner(s) must pay \$2,500.

Percent Deductible - A percentage based on Coverage A.

For Example:

A 1% deductible on a home with \$100,000 dwelling coverage is \$1,000.

Split Deductible - A specific deductible that applies to some cause(s) of loss and a different deductible that applies to other causes of loss.

For Example:

A percentage deductible may apply to wind and water losses, and a flat deductible may apply to all other causes of loss. A split deductible can be separate flat deductibles, separate percent deductibles, or a combination of both.

The CSR Support Cycle

Customer Service Representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves eight major steps:

1. Obtain Required Submission Information
2. Complete the Comparative Rater
3. Complete the Online Carrier Quoting Process
4. Review Quotes
5. Create and Present the Proposal
6. Bind Coverage
7. Check the Policy
8. Support the Insured

Homeowners Quote Request

Understanding your insured's lifestyle is key to determining the most appropriate coverage for their home or property. As such, the completion of a Homeowners Quote Request (a.k.a. "application" or "intake sheet") by the insured is the first step in obtaining information necessary to obtain a quote for them.

Even though this form's name and contents are different within every agency, its purpose to collect as much relevant information as possible from the insured remains the same across all agencies.

Major Sections of a Homeowners Quote:

- Applicant information
- Contact information
- Dwelling address
- Co-applicant information
- Financials
- General policy information
- Dwelling details
- Construction information
- Updates to the dwelling
- Additional questions
- Renters only
- Rental property only
- Home/condo only

Carrier Website Reports

Most agencies have preferred carriers where, on their website, you are able to use available tools to generate reports.

These vary by carrier, but you should be able to generate the following reports:

- Replacement Cost Estimate (RCE)
- CLUE Report
- ISO Fire Risk Score
- Hail and/or Wind Risk Score

Replacement Cost Estimate (RCE)

This is the insurance company's estimate of the cost to rebuild the home and is one of the reports that will be used during the submission process to the carrier. Much of the information used to estimate this cost comes from public county records and the insurance carrier's own database.

The video below provides an explanation of the information contained within the RCE report. By understanding the reasons why information is gathered you will be much more proficient in guiding applicants through the application process. You will realize just what **is** important and what **isn't** so important.

Major Elements of an Replacement Cost Estimate :

- General Personal Information
- Valuation Total Summary

- Building Description
- Materials

CLUE Report

A CLUE Report (Comprehensive Loss Underwriting Exchange) provides information about any past insurance claims for the homeowner during the past seven years.

A CLUE reports the following Information -

- Name Insured
- Policy Number
- Insurance Company Name
- Date of the loss
- Type of the loss
- Amount Paid
- Description of Property Covered

Fire Risk or Wildfire Risk Report

A Fire Risk or Wildfire Risk Report is sometimes attached at the end of the Replacement Cost Estimate.

Fire Risk Score

A Fire Risk Score, also known as a Protection Class, is a rating that determines how well your local fire department can protect your home in Non-Wildfire zones. Fire risk scores range between 1-4 or 9-10, with 1 considered the best, and 10 considered the worst. Risk is determined by a home's miles/distance from a fire department and the fire department's actual response time to drive to the home. Also considered is the home's distance to the nearest fire hydrant.

Homes within three miles of a fire department are usually given a Fire Risk Score of 1-2 while homes within five miles are given a score of 3-4. Generally, homes with a fire risk score of 9 or 10 are considered high fire risk, usually due to open brush in the area, and admitted carriers will not insure these homes.

Wildfire Risk Score

A Wildfire Risk Score supersedes a Fire Risk Score for homes that are designated in a High Wildfire Zone. Wildfires Risk Scores take into consideration:

- The closeness of brush to the property

- Building materials of the structure and roof
- Whether the home has decks with combustible material, or whether the home has closed eaves
- Whether the home has gutters made of metal with covers of non-combustible material
- Whether the HOA maintains defensible space
- How much saturation does the carrier have in the area? (AKA- Does the carrier insure too many homes in the area creating too large an exposure?)

Hail and/or Wind Risk Score

This report is also sometimes attached at the end of the Replacement Cost Estimate. Depending on the geographic location of the property, you may need to obtain a by-peril rating for hail and/or wind. This occurs most often in a hurricane or tornado-prone areas of the country. Consult with your agency to determine if you should be requesting these ratings.

Comparative Raters

At this point, you will have compiled a series of documents that will help you complete an online Comparative Rater. A comparative rater is a system that allows you to review proposed rate quotes from different carriers without having to re-enter the same data separately with each carrier.

To make your job even easier, some comparative raters or add-on features will allow you to transfer the data generated from the carrier's website in the previous step directly into the comparative rater. With this, you don't have to re-enter any information at all!

Check with your agency to see if you have this capability. If you don't, you will have to manually re-enter the data that you had already submitted into the carrier's website into the comparative rater as well.

Typically, you can use the information from the following reports to complete the comparative rater:

- Homeowners Quote Request
- Replacement Cost Estimate Report

Choose the Right Carrier

Choosing the right carrier for your insured is critical. After completing the Comparative Rater, follow the steps below to determine the best carrier for your client,

- **Review the Proposed Quotes**
- **Review the Carrier Manuals**

- **Choose the Right Carrier**

Review the Proposed Quotes

The proposed quotes from each carrier that is generated by the Comparative Rater is an estimate of what your insured's premium could be. These quotes will be subject to change depending on how much information was provided at the time of the quote.

It is important for you to compare the following when reviewing quotes received from the insurance carriers:

- **Premiums:** Policy premiums will likely differ but should be comparable. Lower premiums may be a more attractive option for your insured if the amount of coverage is consistent across all competing carriers.
- **Coverages and Limits:** You should understand the differences between the policies. Which policy provides the most dwelling coverage? Which policy provides the most personal property coverage? Do any of the policies provide endorsements, like identity theft, that others do not?

Review Each Carrier's Endorsement Packages

Most agencies maintain a carrier manual which provides information on the common endorsements included in each homeowners policy. It will be your responsibility to become familiar with each carrier's common policy endorsements in order for you to determine which carrier is the most appropriate for your insured.

Select the Carrier/Quote

After receiving and reviewing the proposed quotes in the Comparative Rater and the carriers' common endorsements, select the quote you determine will provide the broadest coverage at the most appropriate price for the insured.

Complete Online Carrier Quoting Process

Now that you have chosen the preferred carrier for your insured, it's time to complete the online carrier quoting process by submitting the insured's information directly to the carrier to receive a finalized quote. This can be done through automated services provided by the comparative rater/add-on features or via a manual process. Regardless of which method is used, it is important that the submission to the carrier is both accurate and complete.

Automated: If available through your agency, information can be transferred directly from the Comparative Rater to the carrier with a simple click of a button. Even still, you may be required to add additional information so that the carrier can further evaluate an insured's exposures, narrow down the exact premium, and specify the policy's exact coverage terms.

Manual: If your agency does not have the capability to directly export information from the Comparative Rater into the carrier's system, you will be required to manually re-enter the insured's information into the carrier's system.

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, insurance companies issue quotes and electronically distribute them to customer service representatives through your agency's online software or via email. Quotes should be presented to your client 14 to 30 days prior to the date the policy needs to be effective or within 24 hours of initial contact if possible.

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers,

Proposed Policy Period: Check to ensure that the proposed policy period begins and ends when it should.

Primary Coverages and Limits: Check to ensure that all requested coverages and limits are within homeowners requests and best interests.

Deductible: Make certain that the deductible is noted and that the homeowner is aware of this amount.

Annual Premium: Review policy premium and payment terms if applicable. This is the amount the homeowner will need to pay to the insurance company in order for the policy to take effect.

Other and Optional Coverages: This section will list any optional coverages included in the policy. You should review this section to ensure that any other coverages your homeowner has elected to include have in fact, been included.

Terms found in a Policy Quote:

- **Homeowners Information:**

Name(s) and address of the homeowner

- **Insurance Company:**

Insurance Company contact information and website

- **Agency Information:**

Agency Name and Contact Information; Agency Website

- **Quote Number:**

Insurance companies use quote numbers to keep track of their quotes. This is a client identifier.

- **Policy Period:**

This states the proposed policy period. Check to ensure the policy period begins and ends when it should.

- **Annual Premium:**

This is the total amount that your insured must pay to the insurance company in order to secure coverage.

- **Address of Property:**

This field indicates the location of the property to be insured.

- **Dwelling Type:**

This field indicates the type of dwelling; this could be a standard dwelling, a condominium, or another type of dwelling.

- **Protection Class (Fire Risk Score):**

A Fire Risk Score is a rating that determines how well your local fire department can protect your home. Fire risk scores range between 1-4 or 9-10, with 1 considered the best, and 10 considered the worst. An admitted carrier is unlikely to insure a home with a 9 or 10 Fire Risk Score.

- **Wildfire Score:**

A Wildfire Risk Score supersedes a Fire Risk Score for homes that are designated in a High Wildfire Zone. Scored on a 1-10 scale with 1 being the best and 10 being the worst, a Wildfire Risk Score, takes additional factors into consideration, including home construction materials, brush clearance, and carrier saturation in the zip code.

- **Disclaimer:**

This disclaimer reminds the agent and the insured that inaccurate information can affect rates and that this quote does not indicate that coverage has been bound.

- **Deductible:**

The deductible is the amount the insurer will deduct from the loss before paying up to its policy limits in the event of a covered loss.

- **Limits of Liability:**

These amounts are the most that will be paid by the insurer in the event of a covered loss under the policy.

- **Coverages:**

Make certain all applicable coverages are included here.

- **Policy Discounts:**

This section displays policy discounts for which the insured may be eligible or for which the insured has received a discount.

- **Total Premium:**

This is the total amount that your insured must pay to the insurance company in order to secure coverage.

- **Optional Endorsement Information:**

On this quote, the carrier is providing information about an optional endorsement which increases coverage for Coverage A.

- **Payment Options:**

Some carriers will provide payment options to homeowners. If the carrier provides these options, you should understand how they work and be able to communicate this to your insured.

- **Underwriting Information:**

Some carriers include Underwriting information from your insured's Homeowners Quote Request that was used as part of the qualifications process. It can be useful for insureds to see what information is considered by carriers during the quoting process.

- **Loss History:**

This section will describe the insured's loss history. An insured's loss history can effect their future insurance rates.

- **Prior Carrier Information:**

Some carrier's will list the prior carrier's information and the expiration date of that policy.

- **Replacement Cost Detail:**

The valuation method for Coverage A for the HO3 form is replacement cost. This section of the quote provides details about the property itself and what materials were used in its construction to determine the value of Coverage A.

Creating and Presenting the Proposal

After receiving and reviewing the finalized quote from the insurance company, it will then be used in a proposal to the insured. A proposal is a written request for the insured to accept the finalized insurance quote.

Create the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details on what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Paperwork for the insured to sign

Present the Proposal

Most often, proposals can be sent to the insured via email. You should follow up with your insured by telephone to discuss the contents of the proposal and ensure that your client is comfortable to move forward with binding coverage.

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to your proposal and is requesting that the coverage begins on the quoted policy's effective date. This request to bind coverage with the insurance carrier is referred to as a bind order.

In most cases, insurance carriers require customer service representatives to submit bind orders through their online software system; however, check with your agency for how they'd like you to submit bind orders.

Once a policy has been bound, the carrier will send copies of the policy to your agency, to the homeowner, and the homeowner's mortgage company (if applicable). Confirm that the details of the policy are accurate and include the policy in your client file.

Parts of a Policy

A policy is a written contract of insurance between the insurer and the policyholder.

PARTS OF A HOMEOWNERS INSURANCE POLICY

- **DECLARATIONS PAGE**
- **INSURING AGREEMENT & DEFINITIONS:**
 - SECTION 1
 - SECTION 2
- **SECTION 1 - PROPERTY COVERAGES:**
 - Coverage A - Dwelling
 - Coverage B - Other Structures
 - Coverage C - Personal Property
 - Coverage D - Loss of Use
 - Additional Coverages
 - Perils Insured Against
 - Endorsements
 - Conditions
- **SECTION 2- LIABILITY COVERAGES:**
 - Coverage E - Personal Liability
 - Coverage F - Medical Payments to Others
 - Exclusions
 - Additional Coverages
 - Conditions
- **CONDITIONS APPLICABLE TO BOTH SECTIONS 1 & 2**

Terminology

DECLARATIONS PAGE - The declarations page of a policy is usually the front page of the policy and provides key information about the agreement.

DEDUCTIBLE - The deductible is the amount the insurer will deduct from the loss before paying up to its policy limits in the event of a covered loss.

PREMIUM - The amount paid by an insured to an insurance company to obtain or maintain an insurance policy.

Declarations Page

The declarations page of a policy is usually the front page of the policy and provides key information about the agreement. This page is also known as the information page and is often informally referred to as the “dec” or the “dec page.”

The information on this page includes:

- Name of the insurance company
- Name(s) of the person(s) insured
- Location of the insured residence
- The policy number
- The policy period
- Property covered
- Limits of liability for each coverage
- Applicable deductibles
- The premium

Elements of a Declarations Page:

- **Policy Number:**

A policy number is a unique identifier that attaches a policy to a specific individual. A policy number is assigned to a policy by an insurance company once you have purchased insurance from them.

- **Insurance Company Name:**

This is the name of the insurance company from which the homeowner has purchased the Homeowners Insurance Policy.

- **Name(s) of the Insured(s):**

This will list the name and/or names of the homeowners.

- **Residence Information:**

Normally, this section displays the address of the homeowner. This may be the same or

different from the mailing address.

- **Perils Insured Against/Cause of Loss:**

This describes the covered perils for particular coverages.

- **Valuation Method:**

This describes how the property will be valued in the event of a loss.

- **Policy Period:**

Home policies typically cover a one-year period.

- **Coverages:**

This shows all the coverages that a homeowner has as a part of their homeowners insurance.

- **Limits of Liability:**

This shows the maximum limit the insurance company will pay for each covered loss.

- **Deductible:**

The deductible is the amount the insurer will deduct from the loss before paying up to its policy limits in the event of a covered loss.

- **Additional Credits and Surcharges:**

This section will show any additional credits issued to the insured by the insurance company. This section can also include additional surcharges.

- **Total Annual Premium:**

The premium is the total amount paid to the insurance company to obtain the insurance policy.

Insuring Agreement

In this portion of the policy, the contract is established between the insured and the insurance company. In exchange for the premium paid by the insured, the insurance company agrees to provide specified coverages.

Definitions:

At the beginning of each Homeowners Insurance Form is a section titled Definitions. This section contains words and phrases with special meanings that are important in understanding the coverages provided through the policy. Although some defined words appear only in a particular portion of the policy, these definitions apply to the entire policy.

Most policies begin the definition section by describing the parties included in the contract. This is the first definition and usually looks similar to this:

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

Conditions

There are conditions that apply to Section I (Property) and Section II (Liability) as well as to both Sections I and II of a Homeowners Insurance Policy. The conditions sections of an insurance policy identify the general requirements of the insured and the insurer. These conditions will vary from policy to policy and as such, it is important that you review these sections in each policy.

Policy Checking

Once coverage has been bound and your agency has received a copy of the policy, best practices indicate that a CSR should perform a policy check to ensure that the policy language matches the requests from the quote and the application. By performing this check, you can catch small errors before they become big problems, or simply reassure your insured that you have reviewed their new policy, and that everything is as it should be.

Claims

It is not uncommon for an insured to contact their agent when a claim occurs. Some agencies provide assistance with claim paperwork in-house while others refer all claims directly to the insurance company. You should be familiar with your agency's procedures regarding claims and keep a list of contacts for claims representatives at various carriers.

Common Claims

Fortunately, insurance claims are not common, with about 5% of homeowners filing claims annually according to ISO. However, certain types of homeowners insurance claims are more common than others.

The top six of these are listed below.

1. **Wind and Hail:** Representing 35% of claims, hurricane and tornado damage both fall under this category.
2. **Water Damage and Freezing:** A leaky appliance or burst pipe can cause serious damage and these claims result in 29% of all claims.
3. **Fire and Lightning Damage:** Usually the most expensive claims, fire and lightning account for 23% of all claims.
4. **Non-Theft Property Damage:** Encompassing all miscellaneous types of property damage, like a baseball shattering your window, or a trash truck crashing through your front fence, these events represent 7% of all claims.
5. **Liability:** Liability claims account for only 4% of all claims but rank second in average cost. As a reminder, liability claims refer to your insured's duty to 3rd parties; like when a guest is injured on your property.

6. Theft: Representing 3% of claims, theft is usually the least expensive of all claims.

Policy Change Requests (Endorsements)

A policy change request is when the insured needs to add something, remove something, or modify their policy and has asked you to make the update. Requests can range from a change of the mortgage holder on a property to the removal of a spouse as a named insured on a policy due to divorce.

Policy Change Request

Policy Change Request processes will vary by agency. You should consult with your agency to determine the appropriate policy change process for your insured.

Below are some general guidelines you should consider each time you initiate a policy change request:

- While insured's often request policy changes via telephone, you should follow up via email to reiterate the conversation.
- Policy changes should be handled as quickly as possible, usually within 24 hours of the insured's change request.
- Provide confirmation of the change to the insured. Make certain to attach the new endorsement.

Processing a Binder

A binder is a legal agreement, issued by an insurer, that provides temporary evidence of insurance until a policy is issued. Binders are used to show that coverage is currently in place for the property listed on the Binder and are only valid for 30 days. Generally, when you are asked to produce a Binder, the request will come from a mortgage company.

When a mortgage company requests either a Binder or proof of insurance after coverage has already been bound, it is likely because the loan has been sold.

Elements of a Binder:

- **Agency:** Agency's name and address
- **Carrier:** Name of the insurance carrier.
- **Binder #:** Control number assigned to the Binder for referencing purposes.
- **Effective Date:** Date on which the policy term begins.
- **Expiration Date:** Date on which the policy term will end.
- **Code:** Identification code assigned to your agency or brokerage firm by the insurance company receiving this form.

- **Description of Operations/Vehicles/Property:** Provides details of the insured, vehicle information and usage, and, for property exposures, location information. This will include either the property address or the vehicle information for home and auto policies.
- **Coverages:** Subjects/Types of insurance that are being covered should be marked below and all necessary information should be included. This will vary by insurance type. Please check with your agency for specific Binder instructions.
- **Causes of Loss:** Check the appropriate box to indicate the Cause of Loss for which the property coverage is being bound.
- **Deductible:** Note the deductible associated with the corresponding insurance.
- **Coins %:** Any applicable Coinsurance percentage would be entered here.
- **Limits:** Limits should match the policy declarations page and should be listed as whole dollar amounts.
- **Name and Address:** Enter the name and address of any additional interest if any have been indicated.
- **Interest Type:** Check the additional interest's type in the appropriate box.
- **Loan #:** List any loan number or account number that the additional interest may have assigned the insured.
- **Authorized Representative:** Binders must be signed by authorized representatives of the issuing company.
- **Conditions:** This page notes the conditions of the Binder.

Cancellation Notice

Cancellations can happen any time, both mid-term (within the policy period) or at the time of renewal. Conditions in Homeowners Insurance Policies mandate that insurers provide advance notice of policy cancellation. This notice is called a Cancellation Notice or a Notice of Cancellation.

A policy may be canceled for the following reasons:

- Non-payment of the policy premium
- The property has been sold
- Client has found coverage elsewhere

Once you receive a cancellation request from a client, you will need to complete the following important steps:

- Complete a Cancellation Request/Policy Release form for the policy (sample Cancellation Request form shown next)
- Send the Cancellation Request/Policy Release form to the client for signature

- Once the client has returned the Cancellation Request/Policy Release form, you must send it to the carrier

Total CSR - Data - Personal Lines - Auto

[Insurance Projects Total CSR Personal Lines](#)

Coverages

Personal Auto Policies (PAPs) are intended to insure private passenger autos owned/leased by your insureds. The protection the policy grants is determined by what coverages are included in the policy. Because the requirements for coverage vary between states, it is essential to learn the laws applicable to your insured's state. In most cases, a Personal Auto Policy covers the insured for:

- Part A: Covered Autos Liability
- Part B: Medical Payments/Personal Injury Protection
- Part C: Uninsured/Underinsured Motorist Protection (UM/UIM) Liability
- Part D: Coverage for Damage to Your Auto

Terminology

AUTO - Any land motor vehicle designed for travel on public roads

COVERED AUTO - Any vehicle listed on the Declarations page or included under the definitions of your Personal Auto Policy

NON-OWNED AUTO - Auto borrowed, rented, or used as a temporary substitute for you or your family member listed on the policy

COLLISION - A covered auto's impact with another vehicle or object

COMPREHENSIVE - Referring to damages for a covered auto from perils other than collision. (can include fire, theft, water, hail, vandalism, etc.)

ACCIDENT - A sudden, continuous, or repeated, exposure to the same conditions that result in bodily injury or property damage

TORT LIABILITY - An insured's legal obligation to a victim as a result of a civil wrong or injury

NO-FAULT - Auto insurance that pays for your and your passengers' medical bills if you are injured in an accident, no matter who was at fault.

Part A: Covered Autos Liability

Liability coverage provides protection for when your insured is liable (at fault) for an automobile accident.

There are two components to liability coverage:

1. Payment of Claims
2. Defense of Claims
3. **Payment of Claims**

Having liability coverage allows for the insurance company to pay for **Bodily Injury (BI)** and **Property Damage (PD)** claims instead of the insured.

2. Defense of Claims

The insurance company will also defend or settle all lawsuits against the insured which demand compensation for damages. In addition, the insurance company will pay for all defense costs and legal fees that they incur. The insurance company retains the right to settle the claim without the approval of your insured if they find it more cost effective.

Part B: Medical Payments (MedPay) and/or Personal Injury Protection (PIP)

Part B provides an insured with coverage that will pay for necessary medical expenses due to a car accident. Regardless of who is at fault, both **Medical Payments (MedPay)** and **Personal Injury Protection (PIP)** coverage allow those who have been injured to receive quick medical care.

Whether or not you are required to have MedPay or PIP depends on the insured's state law:

- No-Fault State = Required to have PIP
- Tort Liability State = Optional to have PIP or MedPay

Medical Payments

Available for insureds in most states, Medical Payments coverage is a 'no-fault' coverage that pays for an injured passenger in the insured's vehicle for reasonable and necessary medical or funeral expenses.

Medical payments coverage will also pay for the following expenses:

- Medical
- Surgical
- Chiropractic

Example

Carlos was driving in his lane when an out-of-control truck ran him off the road. His car looks fine, but his wife, who was riding with him, hit her forehead on the side window and now has an ugly lump and a bad headache. Carlos had Medical Payments coverage with a \$2,000 limit, so his insurance would pay the \$1,000 charge for his wife's emergency room visit.

Personal Injury Protection (PIP)

Personal Injury Protection coverage is mostly found in no-fault states. PIP coverage is also 'no-fault' coverage that pays for an injured passenger in the insured's vehicle for reasonable and necessary medical or funeral expenses. However, PIP provides more extensive coverage than medical payments.

The following are the **additional** expenses covered by PIP:

- **Physical/Occupational Therapy and Rehabilitation**
- **Psychiatric Treatment**
- **Other Professional Health Services**
- **Lost Wages**
- **Child Care**

Example

Remember Carlos? Carlos was driving in his lane when an out-of-control vehicle ran him off the road. His car looks fine, but his wife, Linda, who was riding with him, hit her forehead on the side window and now has an ugly lump and a bad headache. It turns out Linda has a concussion and some memory loss. Linda will have to miss a week of work to recover. With Carlos' PIP coverage, Linda's emergency room charge of \$1,000 will be covered and she will receive compensation for her week of lost wages.

Part C: Uninsured Motorist (UM) and/or Underinsured Motorist (UIM) Liability

Personal Auto Insurance is not required in all states. However, even where it is required, some drivers choose to drive with solely the minimum protection required by law or even without a Personal Auto Policy (which is illegal in these states).

Uninsured/Underinsured Motorist Liability Coverage is used to add coverage for bodily injury or property damage your insured may incur in an accident where the at-fault third-party driver does not have insurance (UM) or does not have enough (UIM) insurance coverage.

Examples

Suzanne was driving on the freeway when she noticed a check engine light on her dashboard. As she pulled over, a vehicle came from behind at full speed and rear-ended her. Her injuries from the crash required surgeries, and her bills totaled nearly \$200,000, with an additional \$25,000 for her vehicle.

The other driver was found at fault but only carried the minimum liability for the state; just \$20,000 for bodily injury and \$10,000 for property damage. This amount does not cover the damage to the vehicle or the cost to reimburse Suzanne for all the medical bills. Fortunately, Suzanne has Uninsured/Underinsured Motorist Coverage, which will help to cover the balance of the bills.

Part D: Coverage for Damage to Your Auto

Provides coverage for damage to or the complete loss of your insured's covered auto or any non-owned auto (such as a borrowed or temporary substitute car). Unlike the previous types of coverage that have been taught, your insured can choose the extent to which the physical damage coverage protects against a variety of different exposures.

A PAP can include coverage for one or both of the following exposures:

- **Comprehensive (a.k.a. "other than collision")** - includes physical damage coverage for any accident other than a collision or overturn. For example, fire, theft, weather, or falling objects.
- **Collision** - includes physical damage coverage for a collision or overturn.

Example

During a particularly windy night, a branch fell off a tree and landed on the hood of Eric's car. If he had comprehensive physical damage coverage, the Part D portion of his PAP will help cover the cost to repair the damage to the car.

Coverage Eligibility

Whether or not the auto or the insured has Personal Auto Policy coverage is determined by **two** factors:

1. **The auto must be eligible for coverage**
2. **The individual must be eligible for coverage**

Auto Eligibility

In order for a vehicle to be eligible for Personal Auto Policy coverage, it must be both:

- **A private passenger auto**

AND

- **Owned** by the insured

But what vehicles qualify as private passenger autos?

Private Passenger Autos

- The auto must not have fewer than four wheels
- The auto must not be designed mainly for use off of public roads
- The auto must not be used to transport people and/or goods for hire for a fee (taxi or ride share service)
- The auto must not be rented to others
- The gross vehicle weight must be less than 10,000 lbs
- The vehicle must not be used for delivery or transportation of goods or materials UNLESS it is used for farming or ranch work

Miscellaneous Vehicles

Recreational vehicles and off-road vehicles, such as the ones shown above, do not fit into a Private Passenger Auto. As such, these vehicles can be added to the policy by endorsement.

Eligible Individuals

In order to qualify for a PAP, an individual must:

If two individuals are married, share ownership of a vehicle, and both meet the qualifications above, they may purchase a PAP together. However, if a vehicle is owned jointly by two or more individuals who are not married, one of the individuals must be added to the policy through an endorsement.

Who is an Insured?

There are three different types of insureds that can be protected under a PAP and each one has a different level of protection:

1. Named Insureds
2. Extended Insureds
3. Additional Insureds

Named Insureds

The named insureds are the individuals or the entities covered by all terms of the policy.

In a PAP, family members of the insured are normally included as having 'named insured' status.

If the auto is owned by a married couple, both spouses should be listed on the policy as it provides protection in case of separation or unforeseen circumstance.

Extended Insureds

Extended Insureds are those parties or entities who also have coverage from the PAP if certain qualifications are met. Each coverage part with a PAP has different qualifications for 'extended insured' status to take effect.

Part A: Liability

Extended Insured coverage for liability applies to the following parties:

- Any person using your insured's covered auto with permission
- Any person/organization legally responsible for the actions of an insured for the use of your covered auto

Example - Susan is moving cross-country and has asked Jon to help her make the long drive. While Jon was driving Susan's car, Jon rear-ended another vehicle. Jon qualifies as an Extended Insured under Part A: Liability because he had permission to drive Susan's car. As such, the accident will be covered under Susan's PAP.

Part B: Medical Payments

Extended Insured coverage applies to the driver and any other person occupying your insured's covered auto.

Example - Remember Susan and Jon? This time, Susan was driving when a truck ran a red light and hit their car. The windshield shattered and both Susan and Jon received cuts that required stitches. Although the other driver was at fault, Susan's Medical Payments Coverage allowed for quick payment of the medical bills for both Susan and Jon.

Part C: UM/UIM Medical Coverage

Extended Insured coverage applies to:

- Any person occupying your insured's covered auto
- A third party suffering consequential damages due to an injury to an insured

Example - James broke both his legs in a car accident where the at-fault driver was uninsured. He is now unable to take care of their small orchard, horses, and pool. His wife, Natalie, needs

to hire a groundsman to take care of these tasks until James is able to do so again. The cost incurred by Natalie to hire the groundsman is covered by UM/UIM coverage.

Additional Insureds

An additional insured is a person or organization who is added as an insured on a policy at the request of the named insured. This is most often done through an endorsement to the policy.

Example - Joint Ownership Endorsement (PP 03 34)

If a vehicle is to be owned jointly by two or more non-married individuals, you can provide coverage to them all by using the Joint Ownership Coverage endorsement.

This is especially helpful if a family member jointly owns a vehicle but does not reside in the home, either because the relative is away at school, or serving in the military.

Limits of Liability

A policy limit is the highest amount of damages the insurance carrier will pay for a loss.

There are **eight** types of limits that could be found in a personal auto policy:

1. Covered Autos Liability - BI Per Person Limit
2. Covered Autos Liability - BI Per Accident Limit
3. Covered Autos Liability - PD Limit
4. Physical Damage Limit
5. UM/UIM Liability - BI Per Person Limit
6. UM/UIM Liability - BI Per Accident Limit
7. UM/UIM Liability - PD Limit
8. Combined Single Limit (CSL)

Covered Autos Liability - BI Per Person Limit

Covered Autos Liability-

BI Per Person Limit This limit is the most the insurance carrier will pay for each third-party person that sustained bodily injury damages in a single accident.

Example: Your insured is at fault and has injured two people in an auto accident. The PAP has a \$25,000 per person limit, meaning the carrier will pay no more than \$25,000 to each person for his or her injuries. If one person's injuries are worth \$10,000 and the other person's are worth \$30,000, the first claimant will receive \$10,000 and the second will receive the per-person maximum of \$25,000 from the insurer. Your insured would be responsible to pay the remaining \$5,000 personally.

Covered Autos Liability - BI Per Accident Limit

Covered Autos Liability-

BI Per Accident Limit: This limit is the most the insurance carrier will pay for all third-party bodily injury damages in a single accident. It acts as the cap for the amount an insurance carrier must cover.

Example: Your insured is at fault in an accident and two people are injured. Your insured's 'Liability - BI Per Accident Limit' is set at \$50k. Unfortunately, the injured persons' medical bills are \$30k each. Since your insured's policy only covers up to \$50k, the remaining \$10k would have to be paid directly by your insured.

Covered Autos Liability - PD Limit

Covered Autos Liability-

PD Limit: This limit is the most the insurance carrier will pay for all third-party property damages in a single accident.

Example: Your insured is at fault in an accident where they cause damage to two vehicles. Each vehicle sustains damage of \$5k. Because the insured had a 'Liability - PD Limit' of \$10k, it will cover all damages to the vehicles.

Physical Damage Limit

Physical Damage Limit:

This limit is the most the insurance carrier will pay for physical damages to the insured's covered auto in a single accident.

Unlike other limits, the physical damage limit also specifies that the coverage amount is limited to the cheapest option between the following:

- The actual cash value (ACV) of the damaged or stolen property
- The cost of repairing or replacing the damaged or stolen property

Example: Your insured's vehicle is in an accident and the vehicle is considered a total loss. The vehicle is several years old and its ACV is less than the cost of replacing the damaged vehicle. As such, your insured will be reimbursed the ACV of his/her vehicle.

UM/UIM Liability - BI Per Person Limit

BI Per Person Limit: This limit is the most the insurance carrier will pay for each covered individual that sustained medical expenses due to bodily injury in a single accident where an uninsured or underinsured motorist is at fault.

Example: Your insured, not-at-fault Joanne, is injured in an accident by an underinsured driver, at-fault Mike, who has \$50/\$100 in BI coverage. Joanne has \$100/\$300 in UIM coverage. Joanne's injuries total \$130K. After Mike's insurer pays Joanne its liability limit of \$50K, Joanne's insurer will pay an additional amount of \$80K. This figure now equals \$80K of her \$100K in UM/UIM BI Per Person Limit.

UM/UIM Liability - BI Per Accident Limit

BI Per Accident Limit: This limit is the most the insurance carrier will pay for all covered individuals' bodily injury medical expenses in a single accident where an uninsured or underinsured motorist is at fault. This limit also acts as the cap for the amount an insurance carrier must cover for UM/UIM bodily injuries.

Example: Remember Joanne? Your insured, not-at-fault Joanne and her friend Lily are driving in Joanne's car when they are injured in an accident by an underinsured driver, at-fault Mike, who has \$50/\$100 in BI coverage. Joanne has \$100/\$300 in UIM coverage. Joanne's injuries total \$130K. Lily's injuries total \$250,000.

After Mike's insurer pays Joanne its liability limit of \$50K, Joanne's insurer will pay an additional amount of \$80K from the \$100K per person limit.

Mike's insurer will also pay Lily its liability limit of \$50K (maxing out his \$100K per accident limit). Joanne's UM/UIM will then pay \$100K to Lily maxing out her \$100K per person limit. In total, Lily will receive \$150K, leaving her short \$100,000.

UM/UIM Liability - PD Limit

PD Limit: This limit is the most the insurance carrier will pay for all property damages to the insured's covered auto(s) in a single accident where an uninsured or underinsured motorist is at fault.

Example: Your insured, not-at-fault Tim, is in an accident with an underinsured driver, at-fault Kathy, who has \$10K in PD coverage per accident. Tim's vehicle sustains \$30K in damage. Tim has \$20K in UM/UIM PD coverage. After Kathy's insurer pays Tim its liability limit of \$10K, Tim's insurer will pay an additional amount of \$20K. This figure now equals \$20K of his \$20K in UM/UIM PD coverage.

Split Limits

When the above seven limits are individually set for a policy, this is referred to as having "Split Limits" and is the most common practice for PAPs.

With split limits, three separate dollar amounts apply to each accident:

1. Per person limit for BI
2. Per accident limit for all BI
3. Per accident limit for all PD

Split limits generally look like this: 15/25/10. This represents \$15,000 in per person BI coverage, \$25,000 in per accident BI coverage, and \$10,000 in per accident PD coverage.

Combined Single Limit (CSL)

This limit is used to provide a more lenient option for payment to be applied in an accident. Instead of having to determine individual limits (as shown above) it is a Combined Single Limit (CSL) for all BI and PD damages in an accident. The CSL can be opted for when applying limits in two circumstances:

Setting Limits for Covered Autos Liability Coverage

When setting limits for Covered Autos Liability Coverage, it combines the following limits into one:

- Covered Autos Liability BI Per Person Limit
- Covered Autos Liability BI Per Accident Limit
- Covered Autos Liability PD Limit

Setting Limits for UM/UIM Liability Coverage

When setting limits for UM/UIM Liability Coverage, it combines the following limits into one:

- UM/UIM BI Per Person Limit
- UM/UIM BI Per Accident Limit
- UM/UIM PD Limit

Minimum Limits for Each States:

1. WASHINGTON

Required Coverage:

- Covered Autos Liability
- \$25,000 BI/person
- \$50,000 Bi/accident
- \$10,000 PD/accident

2. OREGON

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$20,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$15,000 PIP

3. CALIFORNIA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$15,000 BI/person
- \$30,000 BI/accident
- \$5,000 PD/accident

4. ALASKA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$50,000 BI/person
- \$100,000 BI/accident
- \$25,000 PD/accident

5. IDAHO

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$15,000 PD/accident

6. NEVADA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$20,000 PD/accident

7. MONTANA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$20,000 PD/accident

8. WYOMING

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$20,000 PD/accident

9. UTAH

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$65,000 BI/accident
- \$15,000 PD/accident

- \$3,000 PIP

9. ARIZONA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$15,000 PD/accident

10. COLORADO

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$15,000 PD/accident

11. NEW MEXICO

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$10,000 PD/accident

12. NORTH DAKOTA

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability

- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$30,000 PIP

13. SOUTH DAKOTA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident

14. NEBRASKA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident

15. KANSAS

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- PIP based on expense type

16. OKLAHOMA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

17. TEXAS

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$30,000 BI/person
- \$60,000 BI/accident
- \$25,000 PD/accident

18. MINNESOTA

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$30,000 BI/person
- \$60,000 BI/accident
- \$10,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$40,000 PIP

19. IOWA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$40,000 BI/accident
- \$15,000 PD/accident

20. MISSOURI

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident

21. ARKANSAS

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

22. LOUISIANA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$15,000 BI/person
- \$30,000 BI/accident
- \$25,000 PD/accident

23. MICHIGAN

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection
- Property Protection Insurance (PPI)

Minimum Coverage Limits:

- \$20,000 BI/person
- \$40,000 BI/accident
- \$10,000 PD/accident
- No limit for PIP
- \$1,000,000 for PPI

24. INDIANA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

25. KENTUCKY

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$10,000 PIP

26. TENNESSEE

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$15,000 PD/accident

27. MISSISSIPPI

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

28. OHIO

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

29. WEST VIRGINIA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident

30. NORTH CAROLINA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$30,000 BI/person
- \$60,000 BI/accident

- \$25,000 PD/accident
- \$30,000 UM/UIM BI/person
- \$60,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident

31. SOUTH CAROLINA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident

34. GEORGIA

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

35. FLORIDA

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$10,000 PD/accident
- \$10,000 PIP

36. MAINE

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Medical Payments

Minimum Coverage Limits:

- \$50,000 BI/person
- \$100,000 BI/accident
- \$25,000 PD/accident
- \$50,000 UM/UIM BI/person
- \$100,000 UM/UIM BI/accident
- \$2,000 Medical Payments

37. NEW HAMPSHIRE

Required Coverage:

- None

Minimum Coverage Limits:

(if purchased anyway)

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident
- \$1,000 Medical Payments

38. NEW YORK

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$50,000 death/person
- \$100,000 death/accident
- \$10,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$50,000 PIP

39. MASSACHUSETTS

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$20,000 BI/person
- \$40,000 BI/accident
- \$5,000 PD/accident
- \$20,000 UM/UIM BI/person
- \$40,000 UM/UIM BI/accident
- \$8,000 PIP

40. RHODE ISLAND

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident

41. CONNECTICUT

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident

42. NEW JERSEY

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$15,000 BI/person
- \$30,000 BI/accident
- \$5,000 PD/accident
- \$15,000 PIP

43. DELAWARE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$10,000 PD/accident
- \$15,000 PIP/person
- \$30,000 PIP/accident

44. MARYLAND

Required Coverage:

- Covered Autos Liability

Minimum Coverage Limits:

- \$30,000 BI/person
- \$60,000 BI/accident
- \$15,000 PD/accident

45. VIRGINIA

Required Coverage:

- None - But if no insurance, an Uninsured Motor Vehicle fee is paid to DMV to allow driver to operate vehicle at their own risk

Minimum Coverage Limits:

(if purchased anyway)

- \$30,000 BI/person
- \$60,000 BI/accident
- \$20,000 PD/accident

46. NORTH CAROLINA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$30,000 BI/person
- \$60,000 BI/accident

- \$25,000 PD/accident
- \$30,000 UM/UIM BI/person
- \$60,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident

47. SOUTH CAROLINA

Required Coverage:

- Covered Autos Liability
- UM/UIM Liability

Minimum Coverage Limits:

- \$25,000 BI/person
- \$50,000 BI/accident
- \$25,000 PD/accident
- \$25,000 UM/UIM BI/person
- \$50,000 UM/UIM BI/accident
- \$25,000 UM/UIM PD/accident

48. HAWAII

NO-FAULT STATE

Required Coverage:

- Covered Autos Liability
- Personal Injury Protection

Minimum Coverage Limits:

- \$20,000 BI/person
- \$40,000 BI/accident
- \$10,000 PD/accident
- \$10,000 PIP

Common Endorsements

Insurance policies are written to include coverages required by the majority of people to keep premiums affordable. However, sometimes an insured may have a particular need that the policy doesn't satisfy. An endorsement is a change to an insurance policy that adds, modifies, or removes coverage to solve that need.

There are endorsements available for nearly every eventuality and, once an endorsement is added to the insurance policy, it becomes part of the legal insurance contract. Unless the policy endorsement specifies a time period for which the endorsement is valid, it will typically remain part of the policy even through renewal.

LESSOR - A person or entity who leases property to another

TRUST - An arrangement where one person holds property for the benefit of another person

LIVERY - The transporting of people and/or goods for hire (taxi or delivery service)

Common Endorsements

The most common endorsements in Personal Auto Policies extend coverage to other insureds.

Lessor PP 03 19

This endorsement recognizes the lessor of a leased vehicle as an additional insured. Assume John gets in an accident in his leased auto and injures the other driver. The injured party sues John and the lessor because of their deep pockets. This endorsement requires the insurer to provide a defense for the lessor as well.

Trust Endorsement PP 13 03

A trust can be added as a named insured in addition to the insured, or the trust can be included as an additional insured. Imagine Jose and Maria transfer their Tesla into a trust and appoint Maria's brother Martin as the trustee of the trust. Jose and Maria, as grantors of the trust, continue to drive the Tesla while Martin, as the trustee, holds the legal title to the vehicle.

Additional Resident of Your Household PP 33 37

If an additional resident of your insured's household needs coverage under a vehicle they do not own, but occasionally use, this endorsement can be used. This can include any person who is not a blood relative, such as a domestic partner, roommate, or live-in nanny/housekeeper. This endorsement extends coverage to these individuals in the same capacity as a family member.

Miscellaneous Type Vehicles PP 03 23

This endorsement provides coverage for recreational vehicles such as motor homes, motorcycles, motorized golf carts, dune buggies, and other miscellaneous vehicles not already covered under a PAP.

Limited Transportation Network Driver Coverage - No Passenger Public or Livery Endorsement* PP 23 45

This endorsement provides limited coverage for those insureds who use their vehicle in ridesharing activities. It grants coverage for the time period from when the insured driver logs into the "transportation network platform" (such as Uber or Lyft) until the driver has accepted a specific online ride request. No coverage is granted after the driver has accepted a request (as the company will generally provide coverage at that point). In the 2018 PAP, all ridesharing activities are excluded from coverage by definition.

Common Exclusions

An exclusion is language in an insurance policy that, instead of adding or modifying coverage, removes coverage from the policy. This is sometimes built into the policy language itself, but often times added by endorsement. If the excluded coverage is necessary for the insured, the insured can sometimes negotiate for the exclusion to be removed from the policy.

Other Common Exclusions

2015 PAP Exclusion: Public or Livery Conveyance Exclusion (PP 23 40) -

This exclusion adds a definition for a 'transportation network platform' also known as a ride-sharing app, to the PAP and excludes any insured operating a vehicle and using a transportation network platform from Liability Coverage, Medical Payments Coverage, and Coverage for Damage to Your Auto. When using a transportation network platform, a driver must be insured under that transportation network's policy.

2005 PAP Exclusion: Vehicle Sharing Program Exclusion (PP 23 16) -

This exclusion excludes losses in situations in which the covered auto is being operated under a personal vehicle-sharing program like Turo or Getaround. This exclusion applies to both the party renting his or her car to others in a peer-to-peer car sharing arrangement, and the party renting a car under this arrangement.

Other common exclusions within the Personal Auto Policy can include:

- Intentional bodily injury or property damage
- A driver's use of a vehicle without permission
- Vehicles that have less than four wheels or are designed for use off public roads
- Vehicles that can be used for flight or water

The CSR Support Cycle

Customer service representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in

placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves eight major steps:

1. Obtain Required Submission Information
2. Complete the Comparative Rater
3. Complete the Online Carrier Quoting Process
4. Review Quotes
5. Create and Present the Proposal
6. Bind Coverage
7. Check the Policy
8. Support the Insured

Auto Quote Request

Understanding your insured's lifestyle is key to helping them select the most appropriate coverage for their Personal Auto Policy. The completion of an 'Auto Quote Request' is the first step in obtaining the necessary information for providing a PAP quote for your client. While the Auto Quote Request will likely have most of the information you need, you should also have a conversation with your insured to ask additional questions about their lifestyle to determine if any endorsements are necessary.

Learning about your client's driving history is also important. Ask to see if they have any tickets, accidents, or other traffics violations during the past three years. These will show up on their Motor Vehicle Record (MVR) during the final quoting process.

Elements of a Auto Quote Request:

Date of Application

Make sure your insured dates the application. This way you can ensure the information is current.

Driver Schedule/Details

This sections request your insured's information and the information of other drivers for the vehicle to be covered by the policy.

Physical/Garaging Address

Clients should provide the garaging address for their vehicle(s). This can affect the policy premium so make sure the address is accurate.

Current Policy Information

If applicable, your insured should include their current policy information.

Limits

Your insured should note their Bodily Injury, Property Damage, Uninsured Motorist/Under-insured Motorist BI/PD coverage limits in thousands. For example, by marking the box label '50' under 'Property Damage' the insured would be indicating a coverage amount of \$50,000.

Deductibles

Your insured should note their applicable Comprehensive and Collision coverage deductibles in their actual dollar amounts.

Tow

Your insured should indicate if they currently have tow coverage. This usually pays the cost of towing a vehicle to a repair shop when it unable to be driven.

Rental

Your insured should note if they currently have rental reimbursement coverage. This optional coverage can help pay rental car cost while a vehicle is being repaired as a result of a covered claim.

GAP

Your insured should note if they currently have GAP coverage. This optional coverage is for newer cars and may pay the difference between the balance of a lease/loan due on a vehicle and what your insurance company pay if the car is considered as a covered total loss in a major accident.

Vehicle Schedule/Details

This section is for listing the vehicles and their information to be covered by the policy. In addition, it stipulates which covered individuals are assigned to each covered auto.

Underwriting Information

These questions are required for underwriting purposes.

Comparative Raters

At this point, you will have compiled a series of documents that will help you complete an online Comparative Rater. A comparative rater is a system that allows you to review proposed rate

quotes from different carriers without having to re-enter the same data separately with each carrier.

To make your job even easier, some comparative raters or add-on features will allow you to transfer the data generated from the carrier's website in the previous step directly into the comparative rater. With this, you don't have to re-enter any information at all!

Check with your agency to see if you have this capability. If you don't, you will have to manually re-enter the data that you had already submitted into the carrier's website into the comparative rater as well.

Typically, you can use the information from the following to complete the comparative rater:

- Auto Quote Request
- Conversations with the Insured

Credits/Discounts

Insurers observe that drivers with certain characteristics tend to have fewer accidents and file fewer claims. As such, carriers often reward customers possessing those characteristics with discounts and credits. These discounts and credits vary by state. Some of these may include:

- Multi-car
- Multi-policy
- Good or safe driver
- Good student
- Low usage or mileage
- Defense driver training

Choosing the Right Carrier

Choosing the right carrier for your insured is critical. After completing the Comparative Rater, follow the steps below to determine the best carrier for your client:

1. Review the Proposed Quotes
2. Review the Carrier Manuals
3. Choose the Right Carrier

Review the Proposed Quotes

The proposed quotes from each carrier that are generated by the Comparative Rater is an estimate of what your insured's premium could be. These quotes will be subject to change

depending on how much information was provided at the time of the quote.

- **Premiums:** Policy premiums will likely differ but should be comparable. Lower premiums may be a more attractive option for your insured if the amount of coverage is consistent across all competing carriers.
- **Coverages and Limits:** You should understand the differences between the policies. For example, which policy provides the most bodily injury per occurrence coverage? Do certain policies provide endorsements for additional insureds or miscellaneous vehicles and others do not?

Review Each Carrier's Endorsement Packages

Most agencies maintain a carrier manual which provides information on the common endorsements included in each personal auto policy. It will be your responsibility to become familiar with each carrier's common policy endorsements in order for you to determine which carrier is the most appropriate for your insured.

Select the Carrier/Quote

After receiving and reviewing the proposed quotes in the Comparative Rater and the carriers' common endorsements, select the quote you determine will provide the broadest coverage at the most appropriate price for the insured.

Complete Online Carrier Quoting Process

Now that you have chosen the preferred carrier for your insured, it's time to complete the online carrier quoting process by submitting the insured's information directly to the carrier to receive a finalized quote. This can be done through automated services provided by the comparative rater/add-on features or via a manual process. Regardless of which method is used, it is important that the submission to the carrier is both accurate and complete.

Automated -

If available through your agency, information can be transferred directly from the Comparative Rater to the carrier with a simple click of a button. Even still, you may be required to add additional information so that the carrier can further evaluate an insured's exposures, narrow down the exact premium, and specify the policy's exact coverage terms.

Manual -

If your agency does not have the capability to directly export information from the Comparative Rater into the carrier's system, you will be required to manually re-enter the insured's information into the carrier's system.

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, insurance companies issue quotes and electronically distribute them to customer service representatives through your agency's online software or via email. Quotes should be presented to your client 14 to 30 days prior to the date the policy needs to be effective or within 24 hours of initial contact if possible.

Additional Documents

Unlike homeowners policies, carriers usually provide the following when supplying an agency with a Personal Auto Policy quote.

- A Motor Vehicle Record (MVR)
- CLUE Report

These two documents are used during the quote review process.

Motor Vehicle Record (MVR)

A Motor Vehicle Record provides a summary of a driver's convictions and accidents on file with his or her home state. If a state so chooses, it may also supply conviction records that were obtained in other jurisdictions.

Elements of a Motor Vehicle Record (MVR)

Drivers License Number

This is the Drivers License Number of the driver listed on the report

Name

This is the name of the driver listed on the report

Sex

This indicates the sex of the driver listed on the report.

DOB

Date of Birth- This states the date of birth of the driver listed on the report.

Approx. Year Lic. First Issued

This states the first year the driver was issued a drivers license.

Violations/Convictions

This section lists violations and convictions on file with his/her own state.

Suspensions/Revocations

This section lists suspensions/revocations on file with the driver's home state.

CLUE Report

A CLUE Report (Comprehensive Loss Underwriting Exchange) provides information about any past insurance claims during the past seven years.

Elements of a CLUE Report

Reference Number

The CLUE Reference Number is the number used to identify this report within the CLUE Property system.

Search Information

This shows the information about the insured. It will only show the information that was used to conduct the search.

Reported Claims History

This will provide number and description of claims reported by the insured during the last seven years.

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers:

Client Information: Ensure that your client's information is accurate.

Proposed Policy Period: Check to ensure that the proposed policy period begins and ends when it should.

Discounts and Safety Reward: Check to ensure that your insured is receiving all of the discounts and safety rewards to which they are entitled.

Primary Coverages: Check to ensure that all requested coverages are listed.

Limits and Deductibles: Make certain that the limits and deductibles noted make sense for and work within the budget of your insured.

Annual Premium: Review policy premium and payment terms if applicable. This is the amount the insured will need to pay to the insurance company in order for the policy to take effect.

Elements of a Quote

Agency Information

Agency Name and Contact Information

Insured's Information

Name(s) and address of the insured

Insurance Company

Insurance Company name

Quote Number

Insurance companies use unique identifiers to keep track of which quote is for which client.

Policy Period

This states the proposed policy period. Check to ensure the policy period begins and ends when it should.

Annual Premium

This is the total amount that your insured must pay to the insurance company in order to secure coverage.

Drivers

All drivers to be included on the policy should be clearly listed.

Discounts Applied

These fields indicated whether discounts were applied.

Coverages

Make certain all applicable coverages are included here.

Limits of Liability

These amounts are the most that will be paid by the insurer in the event of a covered loss under the policy.

Deductibles

Make sure the correct deductible amounts are listed for Comprehensive and Collision physical damage coverage.

Vehicle Identification Number

This is the unique identification number provided to each vehicle. Make sure it matches the information provided to you by the insured.

Vehicle Details

Just like the first vehicle on the quote, make sure all coverages, deductibles, and limits are correctly listed for all additional vehicles that will be covered by the policy.

Usage Category

Make sure each auto's use has been correctly categorized.

Discounts

Make certain your insured has received all the discounts to which they are entitled.

Underwriting Information

Some carriers include Underwriting information from your insured's Auto Quote Request that was used as part of the qualifications process. It can be useful for insureds to see what information is considered by carriers during the quoting process.

Payment Options

Some carriers will provide payment options for the insured's premium payment. If the carrier provides these options, you should understand how they work and be able to communicate this to your insured.

Creating and Presenting the Proposal

After receiving and reviewing the released quotes from the insurance companies, select the quote with the best pricing and terms for your proposal. A proposal is a written bid for the insured to accept the insurance quote.

Create the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details on what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Paperwork for the insured to sign

Present the Proposal

Most often, proposals can be sent to the insured via email. You should follow up with your insured by telephone to discuss the contents of the proposal and ensure that your client is comfortable to move forward with binding coverage.

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to your proposal and is requesting that the coverage begins on the quoted policy's effective date. This request to bind coverage with the insurance carrier is referred to as a bind order.

In most cases, insurance carriers require customer service representatives to submit bind orders through their online software system; however, check with your agency for how they'd like you to submit bind orders.

Once a policy has been bound, the carrier will send copies of the policy to your agency, to the insured, and the lienholder or loss payee (if applicable). Confirm that the details of the policy are accurate and include the policy in your client file.

Parts of a Policy

A policy is a written contract of insurance between the insurer and the policyholder.

PARTS OF A PERSONAL AUTO POLICY:

Declarations Page

Insuring Agreement & Definitions

Part A: Liability Coverage

Part B: Medical Payments

Part C: Uninsured Motorist Coverage

Part D: Coverage for Damage to Your Auto

Conditions

Part E: Duties After an Accident

Part F: General Provisions

Declarations Page

The declarations page of a policy is usually the front page of the policy and provides key information about the coverages. This page is also known as the information page and is often informally referred to as the "dec" or the "dec page."

The information on this page includes:

- Name of the Insurance Company
- Name and Address of the Insured(s)
- Term of the Policy
- Premiums Charged
- Coverages Provided
- Limits of Liability
- Descriptions of Autos Covered
- Loss Payee (this is the lender who has financed the auto's purchase)

- Garaging Address

Elements of an Auto Policy:

Insurance Carrier Name

This is the name of the insurance company from which the insured has purchased the Personal Auto Policy.

Name(s)/Address of the Insured(s)

This will list the name(s) and address of the policyholders.

Policy Number

A policy number is a unique identifier that attaches a policy to a specific individual. A policy number is assigned to a policy by an insurance company once you have purchased insurance from them.

Total Annual Premium

The premium is the total amount paid to the insurance company to obtain the insurance policy.

Policy Period

Auto policies typically cover a one-year period. A few may only span for six months.

Vehicle Information

This section displays details about your insured's vehicles.

Identification Numbers (VIN Numbers)

Vehicle Identification Numbers are the unique identification number for your insured's vehicle.

Coverages

This shows all the coverages that the insured has from their personal auto policy.

Limits of Liability

This shows the maximum limit the insurance company will pay for each covered loss.

Deductibles

The deductible is the amount the insurer will deduct from the loss before paying up to its policy limits in the event of a covered loss.

Discounts

This section provides information on discounts that have been applied to the policy.

Accident/Violation Information

This section includes information on accidents or violation that may have been used during the rating process.

Drivers

Drivers who have coverage through the policy.

Vehicles

Vehicles which have coverage through the policy.

Insurance Company Name

Name of company providing insurance coverage.

Endorsements

This section lists all the endorsements included on the policy.

Insuring Agreement

In this portion of the policy, the contract is established between the insured and the insurance company. In exchange for the premium paid by the insured, the insurance company agrees to provide specified coverages.

Definitions

At the beginning of each Personal Auto Policy is a section titled Definitions. This section contains words and phrases with special meanings that are important in understanding the coverages provided through the policy. Although some defined words appear only in a particular portion of the policy, these definitions apply to the entire policy.

Conditions

There are conditions that apply to a Personal Auto Policy. The conditions sections of an insurance policy identify the general requirements of the insured and the insurer. These conditions will vary from policy to policy and as such, it is important that you review these sections in each policy.

Policy Checking

Once coverage has been bound and your agency has received a copy of the policy, best practices indicate that a CSR should perform a policy check to ensure that the policy language matches the requests from the quote and the application. By performing this check, you can catch small errors before they become big problems, or simply reassure your insured that you have reviewed their new policy, and that everything is as it should be.

Claims

It is not uncommon for an insured to contact their agent when a claim occurs. Some agencies provide assistance with claim paperwork in-house while others refer all claims directly to the

insurance company. You should be familiar with your agency's procedures regarding claims and keep a list of contacts for claims representatives at various carriers.

Common Claims

Fortunately, insurance claims are not common, with about 5% of auto owners filing claims annually according to the Insurance Information Institute. However, certain types of Personal Auto Policy insurance claims are more common than others. Some of the most common are listed below.

Accidents

Car accidents are the leading reason most insured's make a claim on their auto insurance policy. From fender benders to major wrecks, the damages associated with an accident can be costly, especially if there are injuries. Different coverages may be required to pay for damages depending on the type of accident and the damages caused.

Windshield Damage

A common claim, just driving down the highway or parking your car under an old tree can put you at risk for windshield damage.

Theft

Car thefts are surprisingly common and rates for coverage may increase based on the garaging address. Anti-theft devices like alarm systems and GPS tracking systems can help offset the cost. The amounts vary by carrier so speak with your agency about available carrier discounts.

Animal Collisions

Deer, moose, and other animals vs. car collisions can cause a lot of damage to your vehicle and can also cause injuries to vehicle occupants. This can be common in more rural areas of the country.

Vandalism

Vandalism can be an expensive reality for a vehicle owner. Much like theft, rates for coverage may increase depending on the garaging address of the vehicle.

Weather

Harsh weather, such as wind and hail, occur in many parts of the country putting your insured's vehicle at risk. Changing weather conditions can also make driving more difficult causing other types of vehicle damage that could lead to a claim.

Processing a Binder

A binder is a legal agreement, issued by an insurer, that provides temporary evidence of insurance until a policy is issued. Binders for personal auto policies are used to show that coverage is currently in place for the driver(s) listed on the Binder and are only valid for 30 days. Generally, when you are asked to produce a Binder, the request will come from a lienholder or loss payee.

When a financing company requests either a Binder or proof of insurance after coverage has already been bound, it is likely because your insured is seeking financing to purchase a vehicle.

Elements of a Binder:

Agency

Agency's name and address

Carrier

Name of the insurance carrier.

Binder

Control number assigned to the Binder for referencing purposes.

Effective Date

Date on which the policy term begins.

Expiration Date

Date on which the policy term will end.

Code

Identification code assigned to your agency or brokerage firm by the insurance company receiving this form.

Description of Operations/Vehicles/Property

Provides details of the insured, vehicle information and usage, and, for property exposures, location information. This will include either the property address or the vehicle information for home and auto policies.

Deductible

Note the deductible associated with the corresponding insurance.

Coins %

Any applicable Coinsurance percentage would be entered here.

Coverages

Subjects/Types of insurance that are being covered should be marked below and all necessary

information should be included. This will vary by insurance type. Please check with your agency for specific Binder instructions.

Limits

Limits should match the policy declarations page and should be listed as whole dollar amounts.

Special Conditions/Other Coverages

Some policies have special conditions or other coverages. Those will be noted here.

Name and Address

Enter the name and address of any additional interest if any have been indicated.

Interest Type

Check the additional interest's type in the appropriate box.

Loan

List any loan number or account number that the additional interest may have assigned the insured.

Authorized Representative

Binders must be signed by authorized representatives of the issuing company.

Conditions

This page notes the conditions of the Binder.

Cancellation Notices

Cancellations can happen any time, both mid-term (within the policy period) or at the time of renewal. Conditions in Personal Auto Policies mandate that insurers provide advance notice of policy cancellation. This notice is called a Cancellation Notice or a Notice of Cancellation.

A policy may be canceled for the following reasons:

- Non-payment of the policy premium
- The auto has been sold, or the lease has been terminated
- Client has found coverage elsewhere
- Client no longer qualifies for coverage (due to MVR)

Once you receive a cancellation request from a client, you will need to complete the following important steps:

1. Complete a Cancellation Request/Policy Release form for the policy
(sample Cancellation Request form shown next)
2. Send the Cancellation Request/Policy Release form to the client for signature

3. Once the client has returned the Cancellation Request/Policy Release form, you must send it to the carrier

Total CSR - Data - Personal Lines - Dwelling

[Insurance Projects Total CSR Personal Lines](#)

Dwelling Policies- Coverage

Dwelling Policies, also called '*Landlord Policies*' or '*Dwelling Fire Policies*', refer to an insurance policy for a residential building that is occupied by someone other than the owner (a rental property for example).

Dwelling Policy vs. Homeowners Policy

Dwelling Policies have many similarities to Homeowners Policies; however, there are key differences between them:

- **Policy Eligibility:** Homeowners Policies require the owner to be a resident of the property to be insured. A Dwelling Policy is purchased instead when the owner isn't residing on the property or when a property has more roomers or boarders than is allowed by a Homeowners Policy.
- **Policy Structure:** Rather than a prepackaged, comprehensive homeowners policy, dwelling policies are component-based. They are structured in such a way that your insured can purchase the coverages they need and eliminate any coverages they don't need.
- **Fair Rental Value/Loss of Rents:** Loss of Rents coverage provides the insured with continuing rental income while the home is being repaired due to damage from a covered peril. If the rental property gets severely damaged and the renters are forced to move out while the home gets repaired, the landlord would not collect the rent from those months if they didn't have this coverage. This is similar, yet still different, to the "Loss of Use" in a Homeowners Policy.

Types of Dwelling Forms

Most homeowners (landlords) have three standard form types available for their rental properties:

1. Dwelling Property 1 (DP1)
2. Dwelling Property 2 (DP2)
3. Dwelling Property 3 (DP3)

Dwelling Property 1 (DP1)

The DP1 is the most basic insurance policy available for rental properties in the United States. DP1 is a **Basic Form** covered causes of loss policy and uses the **Actual Cash Value (ACV)** valuation method. The most common reason for a landlord to purchase this type of insurance would be due to the lower cost of premium.

Coverage A - Dwelling

- Covered Cause of Loss - Basic Form
- Valuation Method - Actual Cash Value (ACV)
- Limit - Estimated Replacement Cost (ERC)
- Minimum Required Limit - None

Coverage B - Other Structures

- Covered Cause of Loss - Basic Form
- Valuation Method - Actual Cash Value (ACV)
- Minimum Required Limit - None

Coverage C - Personal Property

- Covered Cause of Loss - Basic Form
- Valuation Method - Actual Cash Value (ACV)
- Minimum Required Limit - None

Coverage F - Fair Rental Value

- Covered Cause of Loss - Basic Form
- Limit - Pays up to 20% of the Coverage A Limit
- Minimum Required Limit - None

Coverage E - Additional Living Expenses

- No coverage for additional living expenses, except via endorsement
 - If endorsed:
 - Covered Cause of Loss - Basic Form
 - Limit - Coverage D limit also applies to Coverage E
 - Minimum Required Limit - None

Personal Liability and Medical Payments

Personal liability coverage and medical payments coverage are not typically included on a DP1 policy but can often be added as endorsements.

Dwelling Policy 2 (DP2)

The DP 2 is considered a middle-of-the-road insurance policy, providing coverage that fits somewhere between the DP1 and the DP3. DP2 is a **Broad Form** covered causes of loss policy and uses the **Replacement Cost Value (RCV)** valuation method. In addition, there are **minimum required limits** for some of the coverages that must be met for a DP2.

Coverage A - Dwelling

- Covered Cause of Loss - **Broad Form**
- Valuation Method - **Replacement Cost Value (RCV)**
- Minimum Required Limit - **\$12,000**

Coverage B - Other Structures

- Covered Cause of Loss - **Broad Form**
- Valuation Method - **Replacement Cost Value (RCV)**
- Minimum Required Limit - None

Coverage C - Personal Property

- Covered Cause of Loss - **Broad Form**
- Valuation Method - Actual Cash Value (ACV)
- Minimum Required Limit - **\$4,000**

Coverage D - Fair Rental Value

- Covered Cause of Loss - **Broad Form**
- Limit - Pays up to **10%** of the Coverage A Limit
- Minimum Required Limit - None

Coverage E - Additional Living Expenses

- Covered Cause of Loss - **Broad Form**
- Limit - Coverage D limit also applies to Coverage E
- Minimum Required Limit - None

Personal Liability and Medical Payments

Personal liability coverage and medical payments coverage are not typically included on a DP1 policy but can often be added as endorsements.

Dwelling Policy 3 (DP3)

The DP3 provides the most comprehensive coverage for rental properties as it provides Special Form covered causes of loss and uses the Replacement Cost Value (RCV) valuation method. In addition, the minimum required limits are greater for some of the coverages than DP2.

The DP3 Policy is similar to a Homeowners insurance policy except that a Homeowners Policy provides Personal Liability Coverage and Medical Payments Coverage while a DP3 Policy does not. Regardless, these coverages can still be added onto a DP3 through endorsement.

Another difference between a Homeowners Policy and a DP3 Policy is that the amount of personal property coverage provided is much less. For example, many DP3 insurance policies only have enough personal property coverage to insure major appliances like refrigerators, washing machines, etc.

Coverage A - Dwelling

- Covered Cause of Loss - **Special Form**
- Valuation Method - **Replacement Cost Value (RCV)**
- Minimum Required Limit - **\$15,000**

Coverage B - Other Structures

- Covered Cause of Loss - **Broad Form**
- Valuation Method - **Replacement Cost Value (RCV)**
- Minimum Required Limit - None

Coverage C - Personal Property

- Covered Cause of Loss - **Broad Form**
- Valuation Method - Actual Cash Value (ACV)
- Minimum Required Limit - **\$4,000**

Coverage D - Fair Rental Value

- Covered Cause of Loss - **Special Form**
- Limit - Pays up to 10% of the Coverage A Limit
- Minimum Required Limit - None

Coverage E - Additional Living Expenses

- Covered Cause of Loss - **Special Form**
- Limit - Coverage D limit also applies to Coverage E
- Minimum Required Limit - None

Personal Liability and Medical Payments

Personal liability coverage and medical payments coverage are not typically included on a DP1 policy but can often be added as endorsements.

The CSR Support Cycle

Customer Service Representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves seven major steps:

1. Obtain Required Submission Information
2. Complete Online Carrier Quoting Process
3. Review Quote
4. Create and Present the Proposal
5. Bind Coverage
6. Check the Policy
7. Support the Insured

Dwelling Quote Request

Understanding your insured's lifestyle is key to determining the most appropriate coverage for their home or property. As such, the completion of a Dwelling Quote Request (a.k.a. "application" or "intake sheet") by the insured is the first step in obtaining the information necessary to obtain a quote for them. This is often the same form as the Homeowners Quote Request.

Even though this form's name and contents are different within every agency, its purpose to collect as much relevant information as possible from the insured remains the same across all agencies.

Carrier Website Reports

Most agencies have preferred carriers where, on their website, you are able to use available tools to generate reports.

These vary by carrier, but you should be able to generate the following reports:

- Replacement Cost Estimate (RCE)
- CLUE Report

- ISO Fire Risk Score
- Hail and/or Wind Risk Score

Replacement Cost Estimate (RCE)

This is the insurance company's estimate of the cost to rebuild the home and is one of the reports that will be used during the submission process to the carrier. Much of the information used to estimate this cost comes from public county records and the insurance carrier's own database.

CLUE Report

A CLUE Report (Comprehensive Loss Underwriting Exchange) provides information about any past insurance claims for the homeowner during the past seven years.

ISO Fire Risk Score

This report is sometimes attached at the end of the Replacement Cost Estimate. An ISO Fire Risk Score is a rating that determines how well your local fire department can protect your home by rating its response time. In the ISO rating scale, a lower number is better: 1 is the best possible rating, while a 10 means the fire department did not meet the ISO's minimum requirements.

Hail and/or Wind Risk Score

This report is also sometimes attached at the end of the Replacement Cost Estimate. Depending on the geographic location of the property, you may need to obtain a by-peril rating for hail and/or wind. This occurs most often in a hurricane or tornado-prone areas of the country. Consult with your agency to determine if you should be requesting these ratings.

Online Carrier Quoting Process

Now that you have chosen the preferred carrier for your insured, it's time to complete the online carrier quoting process by submitting the insured's information directly to the carrier. Most carriers have an online system that allows you to enter data in order to generate Dwelling policy quotes.

At this point, you will have gathered documents and information that will help you complete the online quote. It is important that the information you submit is both accurate and complete.

Typically, you can use the information from the following reports to complete the carrier online quote.

- Dwelling Quote Request or Homeowners Quote Request

- Replacement Cost Estimate (RCE)
- CLUE Report
- ISO Fire Risk Score
- Hail and/or Wind Risk Score

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, insurance companies issue quotes and electronically distribute them to customer service representatives through your agency's online software or via email. Quotes should be presented to your client 14 to 30 days prior to the date the policy needs to be effective or within 24 hours of initial contact if possible.

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers,

Proposed Policy Period: Check to ensure that the proposed policy period begins and ends when it should.

Annual Premium: Review policy premium. This is the amount the homeowner will need to pay to the insurance company in order for the policy to take effect.

Deductible: Make certain that the deductible is noted and that the homeowner is aware of this amount.

Primary Coverages and Limits: Check to ensure that all requested coverages and limits are within the property owner's requests and best interests.

Other and Optional Coverages: This section will list any optional coverages included in the policy. You should review this section to ensure that any other coverages your homeowner has elected to include have in fact, been included.

Pay Plan Options: Disclose all payment options to your insured, making them aware of additional fees that apply when choosing a payment plan option.

Creating and Presenting the Proposal

After receiving and reviewing the finalized quote from the insurance company, it will then be used in a proposal to the insured. A proposal is a written request for the insured to accept the finalized insurance quote.

Create the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details on what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Paperwork for the insured to sign

Present the Proposal

Most often, proposals can be sent to the insured via email. You should follow up with your insured by telephone to discuss the contents of the proposal and ensure that your client is comfortable to move forward with binding coverage.

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to your proposal and is requesting that the coverage begins on the quoted policy's effective date. This request to bind coverage with the insurance carrier is referred to as a bind order.

In most cases, insurance carriers require customer service representatives to submit bind orders through their online software system; however, check with your agency for how they'd like you to submit bind orders.

Once a policy has been bound, the carrier will send copies of the policy to your agency, to the homeowner, and to the homeowner's mortgage company (if applicable). Confirm that the details of the policy are accurate and include the policy in your client file.

Parts of a Policy

A policy is a written contract of insurance between the insurer and the policyholder.

Parts of an ISO Dwelling Policy

Declarations Page

Insuring Agreement & Definitions

Coverage A - Dwelling

Coverage B - Other Structures

Coverage C - Personal Property

Coverage D - Fair Rental Values

Coverage E - Additional Living Expenses

Coverage F - Other Coverages

Peril Insured Against General Exclusions Conditions

Declarations Page

The **declarations page** of a policy is usually the front page of the policy and provides key information about the agreement. This page is also known as the information page and is often informally referred to as the “dec” or the “dec page.”

The information on this page includes:

- Name of the Insurance Company
- Name(s) of the person(s) insured
- Location of the insured residence
- The policy number
- The policy period
- Property covered
- Limits of liability for each coverage
- Applicable deductibles
- The premium

Insuring Agreement

In this portion of the policy, the contract is established between the insured and the insurance company. In exchange for the premium paid by the insured, the insurance company agrees to provide specified coverages.

Definitions

At the beginning of each Dwelling Policy is a section titled Definitions. This section contains words and phrases with special meanings that are important in understanding the coverages provided through the policy. Although some defined words appear only in a particular portion of the policy, these definitions apply to the entire policy.

Most policies begin the definition section by describing the parties included in the contract. This is the first definition and usually looks similar to this:

Conditions

There are conditions that apply to a Dwelling Policy. The conditions sections of an insurance policy identify the general requirements of the insured and the insurer. These conditions will

vary from policy to policy and as such, it is important that you review these sections in each policy.

Policy Checking

Once coverage has been bound and your agency has received a copy of the policy, best practices indicate that a CSR should perform a policy check to ensure that the policy language matches the requests from the quote and the application. By performing this check, you can catch small errors before they become big problems, or simply reassure your insured that you have reviewed their new policy, and that everything is as it should be.

Claims

It is not uncommon for an insured to contact their agent when a claim occurs. Some agencies provide assistance with claim paperwork in-house while others refer all claims directly to the insurance company. You should be familiar with your agency's procedures regarding claims and keep a list of contacts for claims representatives at various carriers.

Common Claims

Fortunately, Dwelling Insurance claims are not that common. However, certain types of claims are more common than others.

The top **three** of these are listed below.

Water Damage

A leaky appliance or burst pipe can cause serious damage and can sometimes require a tenant to relocate for required repairs.

Fire and Lightning Damage

Usually the most expensive claims, fire claims often require tenants to relocate for required repairs/reconstruction.

Vandalism

Vandalism can also cause significant damage to a property.

Policy Change Requests

A policy change request is when the insured needs to add, remove, or modify their policy and has asked you to make the update. Requests can range from a change of the mortgage holder on a property to the removal of a spouse as a named insured on a policy due to divorce.

Policy Change Request

Policy Change Request processes will vary by agency. You should consult with your agency to determine the appropriate policy change process for your insured.

Below are some general guidelines you should consider each time you initiate a policy change request:

- While insured's often request policy changes via telephone, you should follow up via email to reiterate the conversation.
- Policy changes should be handled as quickly as possible, usually within 24 hours of the insured's change request.
- Provide confirmation of the change to the insured. Make certain to attach the new endorsement.

Processing a Binder

A binder is a legal agreement, issued by an insurer, that provides temporary evidence of insurance until a policy is issued. Binders are used to show that coverage is currently in place for the property listed on the Binder and are only valid for 30 days. Generally, when you are asked to produce a Binder, the request will come from a mortgage company.

When a mortgage company requests either a Binder or proof of insurance after coverage has already been bound, it is likely because the loan has been sold.

Cancellation Notices

Cancellations can happen at any time, both mid-term (within the policy period) or at the time of renewal. Conditions in Dwelling Policies mandate that insurers provide advance notice of policy cancellation. This notice is called a Cancellation Notice or a Notice of Cancellation.

- Non-payment of the policy premium
- The property has been sold
- Client has found coverage elsewhere

Once you receive a cancellation request from a client, you will need to complete the following important steps:

1. Complete a Cancellation Request/Policy Release form for the policy
(sample Cancellation Request form shown next)
2. Send the Cancellation Request/Policy Release form to the client for signature
3. Once the client has returned the Cancellation Request/Policy Release form, you must send it to the carrier.

Total CSR - Data - Personal Lines - Personal Articles Floater

[Projects](#) [Insurance](#) [Total CSR](#) [Personal Lines](#)

Personal Articles Floater- Coverage

Also referred to as an '*Inland Marine Policy*', a Personal Articles Floater covers property that is easily movable and provides additional coverage for the insured that a typical Homeowners Insurance Policy does not. Appraisals of the to-be-insured property are typically necessary to determine the appropriate coverage limits.

Homeowners Endorsements vs Personal Articles Floater

Homeowners Endorsements

A standard Homeowners Insurance Policy includes coverage for jewelry and other precious items; however, there are set coverage limits for these types of valuables (shown in **BLUE** in the diagram below). If the limit for the valuable is inadequate, an endorsement can be added that will increase its limit within the policy. In some cases, this endorsement will also eliminate the deductible for these items.

Standard ISO HO3 Personal Property limits are shown below.

Coverage C Property ISO HO3 LIMIT

Money, Bank Notes, Gold, Silver, etc. \$200

Securities, stamps, passports, tickets, personal records \$1,500

Watercraft \$1,500

Trailers \$1,500

Theft/loss jewelry, watches, gems, & furs \$1500

Theft/loss firearms and related equipment \$2500

Theft/loss silver/goldware \$2500

Property used primarily for business purposes \$2500 at residence premises / \$1500 away from residence premises

Portable electronic equipment \$1500

Antennas, tapes, wires, etc., on a motor vehicle \$250

Personal Articles Floater

Sometimes carriers are unable to endorse a Homeowners Insurance Policy to the necessary Personal Property limits. In these cases, a separate Personal Articles Floater is purchased to provide the necessary additional coverage for the insured.

There are two types of Personal Articles Floaters: 'Scheduled' and 'Unscheduled'.

Scheduled

The insured provides the insurer with a list of items that they want to have covered. This list has specific values attached to each item which determines each item's individual coverage limit. When an item is lost or stolen, the insured is compensated up to that specific item's coverage limit.

Unscheduled

A group of items and their values are combined together under one coverage limit. For example, if an insured purchases \$5,000 worth of coverage for \$10,000 worth of musical instruments, they might have to pay out-of-pocket for the last \$5,000 if the entire collection is stolen.

Golf Equipment

Under a Personal Articles Floater, golf equipment can be scheduled or unscheduled. It will be covered under an open perils coverage and will utilize the Replacement Cost valuation method.

Jewelry

Under a Personal Floater, jewelry can be scheduled or unscheduled depending on the carrier. It will be covered under an open perils coverage and will have an Agreed value limit (often by providing an appraisal document to the carrier) or a Stated value (by telling the carrier what it's worth).

Furs

Under a Personal Floater, furs can be scheduled only. It will be covered under an open perils coverage and will have an Agreed Value valuation.

Musical Instruments

Under a Personal Floater, musical instruments can be scheduled or unscheduled. They will be covered under an open perils coverage and will have Replacement Cost valuation.

The CSR Support Cycle

Customer service representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves seven major steps:

1. Obtain Required Submission Information
2. Complete Online Carrier Quoting Process
3. Review Quotes
4. Create and Present the Proposal
5. Bind Coverage
6. Check the Policy
7. Support the Insured

Personal Articles Quote Request

Understanding your insured's lifestyle is key to determining the most appropriate coverage for their home or property. As such, the completion of a Personal Articles Floater Quote Request (a.k.a. "application" or "intake sheet") by the insured is the first step in obtaining information necessary to obtain a quote for them. **This is often the same form as the Homeowners Quote Request.**

Even though this form's name and contents are different within every agency, its purpose to collect as much relevant information as possible from the insured remains the same across all agencies.

Article Appraisals

In addition to the Personal Articles Floater Quote Request, many items included on the Floaters require recent appraisals, such as jewelry and art. Each carrier determines how recent an appraisal should be.

Online Carrier Quoting Process

Now that you have chosen the preferred carrier for your insured, it's time to complete the online carrier quoting process by submitting the insured's information directly to the carrier. Most carriers have an online system that allows you to enter data in order to generate Personal Articles Floater quotes.

At this point, you will have gathered documents and information that will help you complete the online quote. It is important that the information you submit is both accurate and complete.

Typically, you can use the information from the following to complete the online carrier quote process:

- PAF Quote Request or Homeowners Quote Request
- Article Appraisals

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, insurance companies issue quotes and electronically distribute them to customer service representatives through your agency's online software or via email. Quotes should be presented to your client 14 to 30 days prior to the date the policy needs to be effective or within 24 hours of initial contact if possible.

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers:

Annual Premium: Review the policy premium - the amount the insured will need to pay to the insurance company in order for the policy to take effect. This quote shows three premium options depending on your insured's deductible choice.

Effective Date: Check to ensure that the proposed effective date begins when it should.

Deductible: Make certain that the deductible is noted and that the homeowner is aware of this amount. This quote provides three deductible options your insured may choose from.

Limit: Ensure the coverage limit is adequate for the covered item.

Valuation: Make certain that your insured understands the valuation method used for the policy.

Creating and Presenting the Proposal

After receiving and reviewing the finalized quote from the insurance company, it will then be used in a proposal to the insured. A proposal is a written request for the insured to accept the finalized insurance quote.

Create the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details on what is covered and excluded

- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Paperwork for the insured to sign

Present the Proposal

Most often, proposals can be sent to the insured via email. You should follow up with your insured by telephone to discuss the contents of the proposal and ensure that your client is comfortable to move forward with binding coverage.

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to an insurance company's quote and is requesting that the coverage begins on the policy's effective date. This request to bind coverage with the insurance carrier is referred to as a bind order.

In most cases, insurance carriers require customer service representatives to submit bind orders through their online software system; however, check with your agency for how they'd like you to submit bind orders.

Once a policy has been bound, the carrier will send your agency a copy of the policy electronically. Confirm the details of the policy are accurate and include the policy in your client file.

Parts of a Policy

A policy is a written contract of insurance between the insurer and the policyholder.

Parts of an ISO Personal Articles Floater Policy

Declaration Page

Schedule - Scheduled and Unscheduled Items

- A. Property Covered
- B. Property Not Covered
- C. Perils
- D. Deductibles
- E. Options
- F. Loss Conditions

Declarations Page

The declarations page of a policy is usually the front page of the policy and provides key information about the agreement. This page is also known as the information page and is often

informally referred to as the “dec” or the “dec page.”

The information on this page includes:

- Name of the insurance company
- Name(s) of the person(s) insured
- Location of the insured residence
- The policy number
- The effective date
- Property covered
- Limits of liability for each coverage
- Applicable deductibles
- The premium

Schedule - Scheduled and Unscheduled Items

In a Personal Articles Floater Policy, a schedule of items covered under the policy follows the Declarations Page.

Sections A and B

Property coverages follow the Schedule section of the policy:

- **Section A** - Property that has coverage under the policy
- **Section B** - Property that does not have coverage under the policy.

Sections C, D, E, and F

In a Personal Articles Floater Policy, sections C, D, E, and F refer to the following sections.

- C. Perils
- D. Deductibles
- E. Options
- F. Loss Conditions

Policy Checking

Once coverage has been bound and your agency has received a copy of the policy, best practices indicate that a CSR should perform a policy check to ensure that the policy language matches the requests from the quote and the application. By performing this check, you can catch small errors before they become big problems, or simply reassure your insured that you have reviewed their new policy, and that everything is as it should be.

Claims

It is not uncommon for an insured to contact their agent when a claim occurs. Some agencies provide assistance with claim paperwork in-house while others refer all claims directly to the insurance company. You should be familiar with your agency's procedures regarding claims and keep a list of contacts for claims representatives at various carriers.

Common Claims

The **three** most common Personal Articles Floater claims are listed below.

Mysterious Disappearance

When an insured cannot explain how exactly an item was lost, it has "mysteriously disappeared."

Lost Stone

Many Personal Articles Floaters are written to protect jewelry. As such, claims are often filed because of lost stones.

Theft

A Personal Articles Floater insures items of high value. As such, theft is a common claim.

Policy Change Requests (Endorsements)

A policy change request is when the insured needs to add, remove, or modify their policy and has asked you to make the update. Requests can range from the addition or deletion of an additional insured to the removal of a spouse as named insured due to divorce.

Policy Change Request

Policy Change Request processes will vary by agency. You should consult with your agency to determine the appropriate policy change process for your insured.

Below are some general guidelines you should consider each time you initiate a policy change request:

- While insured's often request policy changes via telephone, you should follow up via email to reiterate the conversation.
- Policy changes should be handled as quickly as possible, usually within 24 hours of the insured's change request.
- Provide confirmation of the change to the insured. Make certain to attach the new endorsement.

Processing a Binder

A binder is a legal agreement, issued by an insurer, that provides temporary evidence of insurance until a policy is issued. Binders are used to show that coverage is currently in place for the property listed on the Binder and are only valid for 30 days.

Elements of a Binder-

Agency

Agency's name and address

Carrier

Name of the insurance carrier.

Insured

Provides name(s) and address of the insured(s)

Effective Date

Date on which the policy term begins.

Expiration Date

Date on which the policy term will end.

Coverages

Subjects/Types of insurance that are being covered should be marked below and all necessary information should be included. This will vary by insurance type. Please check with your agency for specific Binder instructions.

Limits

Limits should match the policy declarations page and should be listed as whole dollar amounts.

Deductible

Note the deductible associated with the corresponding insurance.

Additional Interests

Enter the name and address of any additional interest if any have been indicated.

Interest Type

Check the additional interest's type in the appropriate box.

Loan

List any loan number or account number that the additional interest may have assigned the insured.

Authorized Representative

Binders must be signed by authorized representatives of the issuing company.

Conditions

This page notes the conditions of the Binder.

Cancellation Notices

Cancellations can happen at any time, both mid-term (within the policy period) or at the time of renewal. Conditions in Personal Articles Floaters mandate that insurers provide advance notice of policy cancellation. This notice is called a Cancellation Notice or a Notice of Cancellation.

A policy may be canceled for the following reasons:

- Non-payment of the policy premium
- The property has been sold
- Client has found coverage elsewhere

Once you receive a cancellation request from a client, you will need to complete the following important steps:

1. Complete a Cancellation Request/Policy Release form for the policy
(sample Cancellation Request form shown next)
2. Send the Cancellation Request/Policy Release form to the client for signature
3. Once the client has returned the Cancellation Request/Policy Release form, you must send it to the carrier

Total CSR - Data - Personal Lines - Umbrella

[Insurance Projects Total CSR Personal Lines](#)

Personal Umbrella Policies- Coverage

Significant Liability losses can happen at any time and it has become difficult to predict how much a judge will award an injured person. Award amounts are often determined by the worth of the injured party, not the worth of the insured party. As the tendency to sue for damages rises and the granted awards by the courts grow, personal umbrella policies are increasingly seen as an insurance necessity, rather than a luxury.

Personal Umbrella Policies have two main functions:

1. Fills coverage gaps of primary/underlying policies
(*a.k.a. 'Gap-Filling'*)
2. Extends coverage limits for primary/underlying policies
(*a.k.a. 'Stacking'*)

Primary/Underlying Policies

An umbrella policy can gap-fill and stack on top of the following personal lines policies:

- Homeowners Policy
- Personal Auto Policy
- Dwelling Policy

Coverage Overview

The Personal Umbrella Policy provides broader coverage that fills some gaps in the insured's primary/underlying liability coverages.

The additional coverage provided by an umbrella policy that may not be included in some primary/underlying policies is Personal Injury coverage (*libel, slander, false arrest, invasion of privacy, etc.*).

Limits of Liability

A Personal Umbrella Policy essentially stacks additional limits of coverage on top of underlying policies. A Personal Umbrella Policy will be triggered after the limit for a primary/underlying policy is reached. The Personal Umbrella Policy will then cover the remaining amount up to the Umbrella Liability's Policy limit(s).

Coverage Eligibility

In order for the Personal Umbrella Policy's broadened coverages and stacking limits to respond to a claim, the primary/underlying policies must be active.

Umbrella vs. Excess

Commonly used interchangeably, there is a major difference between a Personal Umbrella Policy and a Personal Excess Policy. Unlike umbrella policies, excess policies **do not provide personal injury coverage**. An excess liability policy simply stacks additional limits on top of primary/underlying policies.

The CSR Support Cycle

Customer service representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves seven major steps:

1. Obtain Required Submission Information
2. Complete Online Carrier Quoting Process
3. Review Quotes
4. Create and Present the Proposal
5. Bind Coverage
6. Check the Policy
7. Support the Insured

The lessons in this course cover each step of The CSR Support Cycle and provide both general and personal umbrella specific information.

Personal Umbrella Quote Request

Understanding your insured's lifestyle is key to determining the most appropriate coverage for their home or property. As such, the completion of a Personal Umbrella Quote Request (a.k.a. "application" or "intake sheet") by the insured is the first step in obtaining information necessary to obtain a quote for them. **This is often the same form as the Homeowners Quote Request.**

Even though this form's name and contents are different within every agency, its purpose to collect as much relevant information as possible from the insured remains the same across all agencies.

Carrier Website Reports

Most agencies have preferred carriers where, on their website, you are able to use available tools to generate reports.

A CLUE Report (Comprehensive Loss Underwriting Exchange) provides information about any past insurance claims for the homeowner and auto owner during the past seven years. This report is necessary for the online carrier quoting process.

Declaration Pages

In addition to the Personal Umbrella Quote Request, your insured will need to provide copies of their Declaration Pages for all primary/underlying insurance policies that will apply to the Personal Umbrella policy.

The following are the most common underlying policies:

- Homeowners
- Auto
- Dwelling

Online Carrier Quoting Process

Now that you have chosen the preferred carrier for your insured, it's time to complete the online carrier quoting process by submitting the insured's information directly to the carrier. Most carriers have an online system that allows you to enter data in order to generate Personal Umbrella quotes.

At this point, you will have gathered documents and information that will help you complete the online quote. It is important that the information you submit is both accurate and complete.

Typically, you can use the information from the following reports to complete the carrier online quote:

- Personal Umbrella Quote Request or Homeowners Quote Request
- CLUE Reports for Home and Auto
- Declaration Pages of Primary Insurance Policies

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, insurance companies issue quotes and electronically distribute them to customer service representatives through your agency's online

software or via email. Quotes should be presented to your client 14 to 30 days prior to the date the policy needs to be effective or within 24 hours of initial contact if possible.

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers:

Proposed Policy Period: Check to ensure that the proposed policy period begins and ends when it should.

Annual Premium: Review policy premium. This is the amount the homeowner will need to pay to the insurance company in order for the policy to take effect.

Primary Coverages and Limits: Check to ensure that all requested coverages and limits are within homeowners requests and best interests.

Pay Plan Options: Disclose all payment options to your insured, making them aware of additional fees that apply when choosing a payment plan option.

Primary/Underlying Policies: Ensure that all primary and underlying policies are current and accurate. Umbrella policies are contingent upon continued coverage of these policies.

Primary/Underlying Policies: Ensure that all primary and underlying policies are current and accurate. Umbrella policies are contingent upon continued coverage of these policies.

Creating and Presenting the Proposal

After receiving and reviewing the finalized quote from the insurance company, it will then be used in a proposal to the insured. A proposal is a written request for the insured to accept the finalized insurance quote.

Create the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details on what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Paperwork for the insured to sign

Present the Proposal

Most often, proposals can be sent to the insured via email. You should follow up with your insured by telephone to discuss the contents of the proposal and ensure that your client is comfortable to move forward with binding coverage.

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to an insurance company's quote and is requesting that the coverage begins on the policy's effective date. This request to bind coverage with the insurance carrier is referred to as a bind order.

In most cases, insurance carriers require customer service representatives to submit bind orders through their online software system; however, check with your agency for how they'd like you to submit bind orders.

Once a policy has been bound, the carrier will send your agency a copy of the policy electronically. Confirm the details of the policy are accurate and include the policy in your client file.

Parts of a Policy

A policy is a written contract of insurance between the insurer and the policyholder.

Parts of an ISO Personal Umbrella Policy

Declarations Page

Insuring Agreement & Definitions

Coverage A - Insuring Agreement

Coverage B - Defense Coverage

Coverage C - Additional Coverages

Coverage D - Limit of Liability Exclusions

Maintenance of Underlying Insurance

Duties After Loss

General Provisions

Declarations Page

The **declarations page** of a policy is usually the front page of the policy and provides key information about the agreement. This page is also known as the information page and is often informally referred to as the "dec" or the "dec page."

The information on this page includes:

- Name of the Insurance Company

- Name(s) of the person(s) insured
- Location of the insured residence
- The policy number
- The effective date
- Property covered
- Limits of liability for each coverage
- Applicable deductibles
- The premium

Insuring Agreement

In this portion of the policy, the contract is established between the insured and the insurance company. In exchange for the premium paid by the insured, the insurance company agrees to provide specified coverages.

Definitions

At the beginning of each Personal Umbrella Policy is a section titled Definitions. This section contains words and phrases with special meanings that are important in understanding the coverages provided through the policy. Although some defined words appear only in a particular portion of the policy, these definitions apply to the entire policy.

Conditions

There are conditions that apply to a Personal Umbrella Policy. The conditions sections of an insurance policy identify the general requirements of the insured and the insurer. These conditions will vary from policy to policy and as such, it is important that you review these sections in each policy.

Policy Checking

Once coverage has been bound and your agency has received a copy of the policy, best practices indicate that a CSR should perform a policy check to ensure that the policy language matches the requests from the quote and the application. By performing this check, you can catch small errors before they become big problems, or simply reassure your insured that you have reviewed their new policy, and that everything is as it should be.

Claims

It is not uncommon for an insured to contact their agent when a claim occurs. Some agencies provide assistance with claim paperwork in-house while others refer all claims directly to the insurance company. You should be familiar with your agency's procedures regarding claims and keep a list of contacts for claims representatives at various carriers.

Claims

Personal Umbrella Policy claims are diverse because the coverage is broad. Three **real** claims are included below:

Dog Bite

An insured's child had a friend over for a playdate. The children were playing with the family dog. The family dog bit the son's friend in the face resulting in multiple reconstructive surgeries. The injured child's parents settled for roughly **\$15,000**.

Loose Lips

The insured's daughter had a sports coach she did not like. The daughter made several "judgmental" and false remarks about the sports coach online. The coach sued the parents for personal injury and was paid more than **\$750,000**.

Prom Catastrophe

The insured's teen was off to prom. To get a large group picture the insured asked all of the teens at his home to stand on the porch balcony. Just as the photo session was ending the balcony collapsed injuring multiple prom-goers as they fell 10 feet to the ground. Each injured student was awarded settlement.

Policy Change Requests (Endorsements)

A policy change request is when the insured needs to add something, remove something, or modify their policy and has asked you to make the update. These are also called endorsements. Requests can range from the addition or deletion of an additional insured to the removal of a spouse as named insured due to divorce.

Policy Change Request

Policy Change Request processes will vary by agency. You should consult with your agency to determine the appropriate policy change process for your insured.

Below are some general guidelines you should consider each time you initiate a policy change request:

- While insured's often request policy changes via telephone, you should follow up via email to confirm the conversation.
- Policy changes should be handled as quickly as possible, usually within 24 hours of the insured's change request.
- Provide confirmation of the change to the insured. Make certain to attach the new

endorsement.

Processing a Binder

A binder is a legal agreement, issued by an insurer, that provides temporary evidence of insurance until a policy is issued. Binders are used to show that coverage is currently in place for the property listed on the Binder and are only valid for 30 days.

Elements of a Binder:

Agency- Name of agent or broker.

Company- Name of the insurance carrier.

Binder- Control number assigned to the Binder for referencing purposes.

Effective Date- Date on which the policy term begins.

Expiration Date- Date on which the policy term will end.

Code- Identification code assigned to your agency or brokerage firm by the insurance company receiving this form.

Description of Operations/Vehicles/Property- Provides details of the insured, vehicle information and usage, and, for property exposures, location information. This will include either the property address or the vehicle information for home and auto policies.

Deductible- Note the deductible associated with the corresponding insurance.

Coins %- Any applicable Coinsurance percentage would be entered here.

Coverages- Subjects/Types of insurance that are being covered should be marked below and all necessary information should be included. This will vary by insurance type. Please check with your agency for specific Binder instructions.

Limits- Limits should match the policy declarations page and should be listed as whole dollar amounts.

Additional Insureds- Enter the name and address of any additional interest if any have been indicated.

Interest Type- Check the additional interest's type in the appropriate box.

Loan- List any loan number or account number that the additional interest may have assigned the insured.

Authorized Representative- Binders must be signed by authorized representatives of the issuing company.

Conditions- This page notes the conditions of the Binder.

Cancellation Notices

Cancellations can happen any time, both mid-term (within the policy period) or at the time of renewal. Conditions in Personal Umbrella Policies mandate that insurers provide advance notice of policy cancellation. This notice is called a Cancellation Notice or a Notice of Cancellation.

A policy may be canceled for the following reasons:

- Non-payment of the policy premium
- The property has been sold
- Client has found coverage elsewhere

Once you receive a cancellation request from a client, you will need to complete the following important steps:

1. Complete a Cancellation Request/Policy Release form for the policy
(sample Cancellation Request form shown next)
2. Send the Cancellation Request/Policy Release form to the client for signature
3. Once the client has returned the Cancellation Request/Policy Release form, you must send it to the carrier

Total CSR - Data - Commercial Lines - General Liability

[Insurance Projects Total CSR Commercial Lines](#)

The CGL Coverage Form

Commercial General Liability (CGL) Insurance

An insurance policy (almost always occurrence based) issued to an insured to protect them against third-party liability claims for bodily injury (BI) and property damage (PD) arising from ongoing and completed operations. The policy also protects the insured from advertising and personal injury (PI) third-party liability claims.

OCCURRENCE - An accident, including continuous or repeated exposure to substantially the same general harmful conditions.

OCCURRENCE-BASED POLICY - A policy covering claims that arise out of damage or injury that occur during the policy period, regardless of when claims are made. Most commercial general liability (CGL) insurance is written on an occurrence form (a.k.a. on a per-occurrence 'basis').

CLAIMS-MADE POLICY - A policy providing coverage that is triggered when a claim is made against the insured during the policy period, regardless of when the wrongful act that gave rise to the claim took place.

THIRD-PARTY LIABILITY CLAIMS - Liability claims brought by persons allegedly injured or harmed by the insured. The insured is the first party, the insurance carrier is the second party, and the claimant is the third party.

TORT - A wrongful act which causes harm to someone else.

INTENTIONAL TORT - When a person intends to perform a wrongful act which causes harm to someone else.

CGL Coverage Overview

The CGL insurance policy offers coverage for most of a business' liability exposures.

There are four coverage parts within a CGL policy we will review:

1. Coverage A - Bodily Injury and Property Damage Liability

2. Coverage B - Personal and Advertising Injury Liability
3. Coverage C - Medical Payments
4. Supplementary Payments (Defense Coverage)

Coverage A - Bodily Injury and Property Damage Liability

Provides an insured with coverage for an occurrence which results in a third-party's bodily injury and/or property damage.

Coverage A is only triggered if...

- The bodily injury or property damage occurs during the policy period
- The bodily injury or property damage is caused by an occurrence
- The occurrence takes place in the coverage territory
- The insured is legally liable for the loss
- The insured was not aware of the bodily injury or property damage, in whole or in part, prior to the policy period

Coverage B - Personal and Advertising Injury Liability

Provides an insured with coverage for an occurrence which results in a third-party lawsuit for libel, slander, wrongful eviction or other similar intentional torts.

Coverage B is only triggered if...

- The event occurs within the policy period
- The occurrence takes place in the coverage territory
- The insured is legally liable

Coverage C - Medical Payments

Provides an insured with coverage for an occurrence that results in a third-party becoming injured due to the insured's business activities. The coverage will pay for the injured third-party's medical expenses in hopes that the third-party will not file a lawsuit against the insured. Coverage C is considered a 'no-fault coverage' which differs from Coverage A and Coverage B since the insured is not required to be legally liable.

Coverage C is only triggered if...

- The event occurs within the policy period
- The occurrence takes place within the coverage territory

Supplementary Payments (Defense Coverage)

Provides an insured with coverage for costs incurred to investigate claims, defend against any lawsuits insured under Coverage A or Coverage B and other expenses the insured may incur.

Who is an insured?

The commercial general liability (CGL) policy provides coverage to both the named insured and to certain automatic insureds.

NAMED INSURED - Any person, firm, or organization, or any of its members specifically designated by name as an insured(s) in an insurance policy.

AUTOMATIC INSURED - Individuals and/or companies that are covered automatically because they have a business relationship with the named insured.

The automatic insured individuals and/or companies vary depending on the named insured's business entity. Click on the entities listed below to see which individuals and/or companies are automatically insured by a CGL policy.

A Sole Proprietorship

Then the following individuals and groups are automatically provided with 'insured status' (coverage):

- Spouse of the insured
- Volunteer workers
- Employees
- Real estate manager
- Legal representative
- Newly acquired organizations

A Partnership, Joint Venture, or Limited Liability Company

Then the following individuals and groups are automatically provided with 'insured status' (coverage):

- Members or partners
- Spouses of the insured, members or partners
- Managers of a limited liability company
- Volunteer workers
- Employees
- Real estate manager
- Legal representative
- Newly acquired organizations

Any other type of organization (e.g. a corporation)

Then the following individuals and groups are automatically provided with 'insured status' (coverage):

- Stockholders
- Directors and executive officers
- Volunteer workers
- Employees
- Real estate manager
- Legal representative
- Newly acquired organizations

A Trust

Trustees are provided with 'insured status' (coverage)

Limits of Liability

A policy limit is the highest amount the insurance carrier will pay for a loss in a given policy term. Limits under a commercial general liability (CGL) policy are interrelated and payment of damages on one limit will affect another limit.

There are **six** limits found in a CGL policy:

1. Each Occurrence Limit
2. Damage to Premises Rented to You Limit
3. Medical Expense Limit
4. Personal and Advertising Injury Limit
5. General Aggregate Limit
6. Products/Completed Operations Aggregate Limit

Unlike other lines of insurance, commercial general liability policies contain **two** different types of the limits.

- General Limits
- Aggregate Limits

We will first go through the "normal" or standard limits. Afterwards, we will explain what aggregate limits are and provide details about the aggregate limits found in commercial general liability policies.

General Limits

The following limits apply to certain situations or coverages just like other limits found in any other line of insurance.

Each Occurrence Limit

This limit is the most that an insurance carrier will pay for damages under Coverage A or Coverage C due to one occurrence. Regardless of the number of individuals or organizations who suffered a loss due to the occurrence, this limit will still apply.

Damage to Premises Rented to You Limit

This limit is the most that an insurance carrier will pay for property damages under Coverage A to a premises rented to the insured.

Medical Expense Limit

This limit is the most that an insurance carrier will pay for medical expenses under Coverage C for third-party bodily injuries. The medical expense limit applies separately to each third-party with bodily injury, but is a sub-limit of the 'each occurrence limit' and, as with the 'damage to premises rented to you limit', payments made under medical payments will reduce the 'each occurrence limit' for that same occurrence and will also reduce the 'general aggregate limit'.

Personal and Advertising Injury Limit

This limit is the most that an insurance carrier will pay for damages under Coverage B for third-party personal and advertising injury. The limit is applied separately to each third-party sustaining the personal and advertising injury. Additionally, this limit is independent of the 'each occurrence limit' meaning an insurance carrier might be required to pay both the 'personal and advertising injury limit', as well as, the 'each occurrence limit' until the 'general aggregate limit' is reached.

Aggregate Limits

Aggregate limits are the most the insurance carrier will pay for **all** occurrences during the policy period. Once an insurance carrier pays the full amount of the aggregate limit, the carrier has no further obligation to pay claims or defense costs for the insured.

General Aggregate Limit

This aggregate limit is the most the insurance carrier will pay for damages under Coverage A, Coverage B, and Coverage C.

Exception - Products/Completed Operations Hazard

The general aggregate limit does not pay for damages under Coverage A for certain claims or suits. These non-included claims or suits are specified in the products-completed operations hazard. The products-completed operations hazard is included in the commercial general liability policy and a different aggregate limit applies to these specified claims or suits.

Products/Completed Operations Aggregate Limit

This aggregate limit is the most the insurance carrier will pay for damages under Coverage A for those claims, suits and hazards specified by the products-completed operations hazard.

The specific hazards are limited to a third-party's bodily injury or property damage:

- That occurs away from the insured's premises **AND**
- Arises out of the insured's products no longer in the insured's possession or the insured's work that has been completed

Common Endorsements

A policy endorsement is an amendment to an insurance policy that adds, modifies, or eliminates coverage. Once a policy endorsement is added to the insurance policy, it becomes part of the legal insurance contract. Unless the policy endorsement specifies a specific term for which the endorsement is valid, it will typically remain part of the policy even through policy renewals.

Understanding CGL Endorsements

Commercial general liability (CGL) endorsements each have their own unique identifier called a 'form number'. The form numbers for CGL endorsements are determined by Insurance Services Office, Inc. (ISO).

Below is an example of a form number and the endorsement it represents:

Form Number Endorsement

CG 24 04 04 13 Waiver of Transfer of Rights of Recovery Against Others to You

The form number provides three separate pieces of information to the insurance carrier,

1. **CG** = Signifies the line of insurance (*commercial general*)
2. **24 04** = Specifies the type of Endorsement (waiver of transfer...)
3. **04 13** = Version Date of the Endorsement (*April 2013*)

Additional Insured Endorsements

Those individuals or entities not normally covered under the commercial general liability policy, but for which the insured desires or is required by contract to provide coverage are added

via additional insured endorsements.

Examples of who may be an additional insured:

- Owners, Lessees or Contractors - Scheduled Person or Organization (CG 20 10 04 13)
- Managers or Lessors of Premises (CG 20 11 04 13)
- Lessor of Leased Equipment (CG 20 28 04 13)
- Club Members (CG 20 02 11 85)
- Church Members and Officers (CG 20 22 10 01)

Other Policy Endorsements

Primary and Non Contributory Endorsement (CG 00 01 11 85)

Often included in policies with an additional insured endorsement, this endorsement stipulates how claims will be handled if coverage is triggered for both the additional insured's policy and the insured's policy. The '*Primary*' component of the endorsement specifies that the insured's policy carrier will be the one to cover any losses up to the policy limit, not the additional insured's policy carrier. The '*Non Contributory*' component of the endorsement states that the insured's policy carrier will not seek a portion of the covered losses from the additional insured's policy carrier. Only if the insured's policy limits have been reached would the additional insured's policy cover the additional losses in a claim.

In essence, even though both party's policies may provide coverage for a claim, the insurance policy with the '*Primary and Non Contributory Endorsement*' will take the loss and make coverage payments up to their policy limits.

Waiver of Transfer of Rights of Recovery Against Others to You (Waiver of Subrogation) Endorsement (CG 24 04 04 13)

Can be equated to the workers' compensation waiver of subrogation endorsement where one party agrees to waive its right to pursue reimbursement from the at fault party in the case of a loss. There are also two versions of this endorsement for commercial general liability policies: *Scheduled* and *Blanket*.

Employee Benefits Liability Endorsement (CG 04 35 12 07)

Used to add coverage for damages the insured may incur due to an error or omission committed in the administration of employee benefits. Typically "administration" refers to the following activities,

- Describing benefit plans and eligibility rules to employees, other eligible family members, and beneficiaries

- Maintaining files and records related to employee benefits, whether the records are electronic or paper
- Enrolling, maintaining and terminating employees, eligible family members or beneficiaries in benefit plans

Designated Construction Project(s)

General Aggregate Limit Endorsement (CG 25 03 03 97)

Aggregate limits are typically applied on a 'per policy' basis; meaning the aggregate limits will be the most the insurance carrier will pay for the total of all claims during the policy term. This endorsement changes the aggregate limits to be applied on a 'per project' basis. The aggregate limits will then pay for the total of all claims during each project and will essentially reset with every new project throughout the policy term. Most often, the endorsement calls for each project to be listed by name within the policy.

Common Exclusions

An exclusion is language in an insurance policy that, instead of adding or modifying coverage, removes coverage from the policy. This is sometimes built into the policy language itself, but oftentimes by endorsement. If the excluded coverage is necessary for the insured, the insured can sometimes negotiate for the exclusion to be removed from the policy.

Standard COVERAGE A Exclusions

- Expected or Intended Injury
- Contractual Liability
- Liquor Liability
- Workers' Compensation And Similar Laws
- Employer's Liability
- Pollution
- Aircraft, Auto, or Watercraft Exclusion
- Mobile Equipment Exclusion
- War Exclusion
- Damage to Property Exclusion
- Damage to your Product Exclusion
- Damage to your Work Exclusion
- Damage to Impaired Property Exclusion

Standard COVERAGE B Exclusions

- Knowing Violation of Rights of Another

- Material Published with Knowledge of Falsity
- Material Published Prior to Policy Period
- Criminal Acts
- Contractual Liability
- Breach of Contract
- Quality or Performance of Goods - Failure to Conform to Statements

Standard COVERAGE C Exclusions

- Miscellaneous Type Vehicles
- Public or Livery Conveyance
- Residence or Premises
- Workers' Compensation
- Autos Owned by or Furnished or Available for Your Regular Use
- Autos Owned by or Furnished or Available for Regular Use by a "Family Member"
- Reasonable Belief of Entitlement
- Business
- War
- Nuclear
- Racing

The CSR Support Cycle

Customer service representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client for an insurance company, CSRs provide necessary service and support. CSR duties may vary from one company to another; however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves eight major steps:

1. Obtain Required Submission Information
2. Complete ACORD Forms
3. Send the Submission
4. Receive and Review Quotes
5. Create and Present the Proposal
6. Bind Coverage with the Insurance Company
7. Check the Policy
8. Support the Insured

Estimated Annual Exposure Figures

Unlike workers' compensation, an insurance carrier writing a commercial general liability policy may not always use payroll to calculate the premium. The correct type of information used to calculate premium is actually dependent on the insured's business operations. Once the correct type of information to provide is determined, the correct exposure figures can then be provided by the insured to the insurance carrier. Since the policy will be providing coverage for a future period, it is necessary for an insured to provide the insurance carrier with their estimated annual exposure figures.

CLASS CODE - A **five** digit number used to classify a business' operation to help identify different workplace exposures.

PREMIUM BASIS - The basis to which rates are applied to determine premium.

EXPOSURE - An insured's level of risk to a loss or claim represented as actual/estimated figures.

Determining the Correct Premium Basis

The correct information to provide is determined by the classification code best describing the insured's business. Each class code is tied to a premium basis which can be an insured's payroll, gross sales, total cost and/or a variety of other business information.

There are **three** steps required to determine the correct premium basis:

1. Understand the insured's business operations
2. Discover the class code assigned to the insured's business operations
3. Ascertain the class codes' appropriate premium basis

Understand Business Operations

This can be done by collecting the insured's past supplemental applications, having direct discussions with the insured and/or receiving the insured's past policy details.

Discover the Class Code

Like endorsements, the classification codes for commercial general liability policies are determined by Insurance Services Office, Inc. (ISO). The ISO has provided a listing of class codes with descriptions for each to help discover the correct class code(s) for an insured.

Ascertain the Premium Basis

The correct premium basis is dependent on the distinctive first digit in the code number.

CLASS CODE

- 10000-19999 = Gross Sales
- 40000-49000 = Various Figures
- 50000 - 59999 = Gross Sales
- 60000 - 69999 = Various Figures
- 90000 - 99999 = Payroll or Gross Sales (*most often, both are provided*)

Collecting Estimated Annual Exposure Figures

Once the premium basis is determined, the estimated annual exposure figures can now be collected from an insured. Most often, a document is sent to an insured to receive their estimated annual exposure figures. Since the insured may not know what is needed by the insurance carrier, a customer service representative usually prefills any class code, description and premium basis sections.

As you can see, estimated annual exposure figures are broken down by class code. This allows insurance carriers to better understand an insured's business in more detail and the exposure for each business operation. A policy's premium will be lower if an insured's exposure figure is low and/or an insurance carrier's class code rate is low.

If an insured's calculated premium is lower than the insurance carriers' minimum threshold, the carrier will charge the minimum premium for the policy.

Completed Supplemental Applications

ACORD forms provide the majority of information needed for an insurance carrier to write a policy. However, insurance carriers may still require additional information regarding the insured's business operations as it relates to their industry. Supplemental applications are what provide this additional information to the insurance carriers.

Collecting Additional Information

When required by an insurance carrier, either the producer or the customer service representative will send a supplemental application via email, mail, or fax to an insured for them to complete.

Currently Valued Loss Run Reports

An insured's policy history is another critical piece of information an insurance carrier needs to accurately calculate a policy premium. A loss run report provides insurance carriers with an insured's specific policy period history. Insurance companies use loss run reports to better assess the risk of an insured and typically use the last five policy periods in their policy premium calculations.

A currently valued loss run report means the contents were updated within 90 days of when the insured's proposed policy period would begin. If the loss run report is not currently valued, most insurance companies will not accept the loss run report.

EXPENSE - The cost of operating the insurance business exclusive of losses or claims.

CLAIMANT - The third-party making the claim or responsible for a loss.

INDEMNITY - The coverage amount provided to the claimant for damages incurred due to the occurrence.

CLAIM NUMBER - A unique identifier that attaches an insurance claim / loss to a specific claimant.

DEDUCTIBLE - An amount the insured is responsible to pay to an insurance carrier for each covered loss. **NOTE:** *The deductible is typically not subtracted from policy limits.*

POLICY LIMIT - The highest amount of damages the insurance carrier will pay for a claim that the insured's insurance policy covers.

TERM - The period of coverage provided by an insurance policy.

PAID - Losses paid to claimant during the reported period.

RESERVE - An estimated amount set aside to cover an open claim's potential future expenses.

INCURRED - The total amount of paid and reserve losses for a claim or policy period.

DATE OF LOSS - Date for when the loss event occurred.

LOCATION OF LOSS - Location for where the loss event occurred.

DATE REPORTED - Date for when the loss event was reported to the insurance carrier.

LOSS DESCRIPTION - Description of the loss event/occurrence.

PAID (INCLUDED) - Losses paid to claimant during the reported period including any deductibles paid to the insurance carrier for said claim.

INCURRED (INCLUDED) - The total amount of paid and reserve losses for a claim or policy period including any deductibles paid to the insurance carrier for said claim.

STATUS - The current state of the claim (open claim vs closed claim).

Requesting Loss Run Reports

Loss run reports must be requested from the insurance carriers who wrote each of the insured's policies over the last five policy periods (if applicable).

In order to release the information, the insurance carriers need to receive an agent of service authorization letter from the insured. The letter provides permission for the insurance carrier to release the insured's loss run data, most often, to the insured's current agent of record (you).

The insurance policy carrier is bound by law to provide the loss run report within a certain period of time (dependent on the state). This is state-regulated to ensure that the insured has the freedom to shop for more affordable insurance policies.

Elements of a Loss Run:

Insured

The individual or company assigned the insurance policy coverage.

Policy Number

A unique identifier that attaches an insurance policy to a specific individual or organization.

Term

The period of coverage provided by an insurance policy.

Claim Number

A unique identifier that attaches an insurance claim / loss to third-party.

Claimant

The third-party making the claim or responsible for a loss.

Status

The current state of the claim (open claim vs closed claim).

Incurred

The total amount of paid and reserve losses for a claim or policy period.

Reserve

An estimated amount set aside to cover an open claim's potential future expenses.

Paid

Losses paid to claimant during the reported period.

Date of Loss

Date for when the loss event occurred.

Date Reported

Date for when the loss event was reported to the insurance carrier.

Paid (Incl Ded)

Losses paid to claimant during the reported period including any deductibles paid to the insurance carrier for said claim.

Loss Description

Description of the loss event/occurrence.

Location of Loss

Location for where the loss event occurred.

Incurred (Incl Ded)

The total amount of paid and reserve losses for a claim or policy period including any deductibles paid to the insurance carrier for said claim.

Policy Limit

The highest amount of damages the insurance carrier will pay for a claim that the insured's insurance policy covers.

Deductible

An amount the insured is responsible to pay to an insurance carrier for each covered loss.

ACORD Forms Overview

ACORD forms are universally recognized documents and most, if not all, insurance carriers require these forms in order for a quote to be processed. In most cases when placing general liability insurance, three completed ACORD forms must be provided to an insurance carrier: **ACORD 125, ACORD 126 and ACORD 829**.

ACORD 125

Considered to be the foundation of all commercial applications, this document provides detailed information regarding the insured not duplicated on any other ACORD commercial application forms.

ACORD 126

Specific to placing general liability insurance, this document details an insured's exposure, loss history and other necessary business operations. This form cannot be submitted by itself and must be appended with the ACORD 125.

Elements of Acord 126:

AGENCY

Some insurance agency's management systems (AMS) may automatically fill out this section. If not, you will be required to manually input **y**our agency's name**** in this section.

EFFECTIVE DATE

Enter the date for which the insured's policy term will begin. (MM/DD/YYYY)

APPLICANT/FIRST NAMED INSURED

Enter the name of the insured. If it's a sole proprietor, put down the sole proprietor's doing-business-as (DBA). If it's a corporation or an LLC, put down the name of the LLC or corporation.

CGL - CLAIMS MADE VS OCCURRENCE

Ensure the box to the left of COMMERCIAL GENERAL LIABILITY is checked.

Unless instructed by your insurance agency, always select **OCCURRENCE** not CLAIMS MADE.

LIMITS 1

Most often, we want the general aggregate limit to be applied per **POLICY**; however, if the insured is in construction or manufacturing with multiple projects throughout a year, it may be best to select **PROJECT**.

Next we must stipulate the limits desired for the insured's policy. Below are standard amounts for each limit,

- GENERAL AGGREGATE
 - \$2,000,000
- PRODUCT & COMPLETED OPERATIONS AGGREGATE
 - \$2,000,000
- PERSONAL & ADVERTISING INJURY
 - \$1,000,000
- EACH OCCURRENCE
 - \$1,000,000
- DAMAGE TO RENTED PREMISES
 - \$50,000
- MEDICAL EXPENSE
 - \$5,000
- EMPLOYEE BENEFITS
 - \$1,000,000

LIMITS 2

The higher the requested policy limits, the higher the premium quote will be.

DEDUCTIBLES

Higher requested deductibles will make it more likely the application will be accepted and will decrease the premium quoted.

OTHER COVERAGES, RESTRICTIONS AND/OR ENDORSEMENTS

Used to stipulate one or two more restrictions and/or endorsements for the policy. If many endorsements are required for the policy, complete and attach ACORD 829 to ACORD 126 and enter "**See attached Forms & Endorsements Schedule.**"

LOC#

Enter the location number as entered on the ACORD 125 for the respective hazard.

If there are multiple hazards and different locations, use the other sections and enter the appropriate location number(s).

HAZARDS

The schedule of hazards provides the foundation on which the base premium will be calculated. The more locations and hazards listed, the higher the premium will be since the policy will be protecting more exposures. The hazards listed, **as designated by both the class code and the classification/description** will also affect the premium. Riskier hazards will produce a higher premium. In some cases, the insurance carrier may decline coverage or, at least, exclude coverage when the hazards present risks too great for the insurance company's underwriting guidelines.

HAZ#

Starting with "1", enter each hazard at each location with a unique identifier.

For example:

- The first hazard at location #1 will be marked with a "1" and a second hazard at the same location will be marked with a "2"
- If there are multiple locations with multiple hazards, the first hazard for both location #1 and location #2 will be marked with a "1" and a second hazard at either location will be marked with a "2"

CLASS CODE

Enter the class code for the appropriate location # and hazard #. These class codes should reflect the class codes found on the Estimated Annual Exposure Figures documents sent to or provided by the insured. If unknown, use the ISO Classification Table.

PREMIUM BASIS

Enter the correct premium basis abbreviation for the appropriate location #, hazard # and class code. Abbreviations can be found at the bottom of this section.

EXPOSURE

Enter the correct estimated annual exposure figure for the respective location #, hazard #, class code and premium basis.

CLASSIFICATION DESCRIPTION

Enter the ISO Classification Table description for the appropriate class code.

EMPLOYEE BENEFITS LIABILITY (EBL)

1. DEDUCTIBLE PER CLAIM
 1. Enter **\$1,000** which is the standard deductible per claim
2. NUMBER OF EMPLOYEES
 1. Enter the total number of the insured's employees
3. NUMBER OF EMPLOYEE COVERED BY THE EMPLOYEE BENEFITS PLANS
 1. Enter the total number of the insured's employees covered by the insured's employee benefits plans
4. RETROACTIVE DATE

1. The date when the insured first started receiving EBL coverage with an insurance carrier. If it's the first time the insured will be receiving EBL coverage, the date will reflect the Effective Date for the policy. (MM/DD/YYYY)

DEDUCTIBLE PER CLAIM

A higher deductible means the insured is retaining more risk and, as a result, the premium will be lower.

OF EMPLOYEES COVERED BY EMPLOYEE BENEFIT PLANS

Again, the higher the number of employees in benefit plans, the higher the premium. Employee Benefits insurance would cover errors for those in plans as well as errors in not admitting employees to plan benefits.

NUMBER OF EMPLOYEES

The higher the number of employees, the higher the premium since more employees present more opportunity for errors and claims.

RETROACTIVE DATE

If the insured requests coverage to a retroactive date, the premium will increase. The amount of the increase is dependent on factors such as how far back the requested retroactive date is (and whether other coverage applied previously).

CONTRACTORS - Y/N RESPONSES

This section is devoted to understanding the operations of contractors in further detail.

Read each question and provide an explanation to any which apply to your insured. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

CONTRACTORS 1

When a contractor/applicant provides plans and drawings, the exposure is increased for the insurance company since errors can happen either in the design or construction phases. The underwriter may exclude these activities and/or require a professional liability policy in addition to the CGL.

CONTRACTORS 2

Any involvement with explosives increases the risk and resulting premium. In addition, blasting is typically considered a strict liability activity increasing the likelihood of a successful claim. Depending on the insurance carrier, answering “yes” to this question will significantly increase premiums or cause a rejection of the application.

CONTRACTORS 3

Answering “yes” will cause an increase in premium and potentially a rejection (although the likelihood is lower than with blasting).

CONTRACTORS 4

Since negligence by a subcontractor is likely to result in a claim against the insured as well, if the subcontractors are not required to carry significant liability insurance on their own, the risk of this policy being used is greater. Thus, a higher premium will result if subs do not carry limits at least equal to the general contractor.

CONTRACTORS 5

COIs provide proof of in-force insurance with adequate policy limits. Not requiring a COI from a subcontractor increases the likelihood that the subcontractor’s insurance is non-existent or has limits less than represented. In that case, this policy would likely come into play. Not requiring COIs will increase the premium (but is easily remedied).

CONTRACTORS 6

If someone borrows the insured’s equipment and is negligent in its use, the insured party will claim against/sue the operator and the owner, the insured. Allowing other parties to lease equipment increases the likelihood of injury and damage and, consequently, will result in a higher premium.

SUBCONTRACTED WORK

Should the contractor/insured subcontract any work, enter the appropriate information here.

PRODUCTS

Enter the product(s) manufactured/sold or service(s) provided by the insured.

ANNUAL GROSS SALES

Enter the annual gross sales for the insured's products.

PRODUCTS/COMPLETED OPERATIONS - Y/N RESPONSES

This section is devoted to understanding the products/completed operations of an insured in further detail.

Read each question and provide an explanation to any which apply to your insured. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

PRODUCTS/COMPLETED OPERATIONS 1

Activities beyond the selling of packaged items increases the potential for premises, operations and completed operations liability and may result in an increased premium.

PRODUCTS/COMPLETED OPERATIONS 2

In the event of a product liability claim, it is more difficult for an injured party to pursue foreign manufacturers. This means that it is more likely the insured's CGL will have to pay the claims. Answering "yes" will increase the risk and, therefore, the premium.

PRODUCTS/COMPLETED OPERATIONS 3

Since the CGL quote is determined using current products and practices, the likelihood of new products during the coming policy year may cause an increase in the premium.

PRODUCTS/COMPLETED OPERATIONS 4

Guarantees and warranties can make promises that extend the scope and length of potential liability for the insured. While the existence of either is not an automatic trigger for an increase in premium, longer or more comprehensive promises may be. Hold Harmless Agreements promise to indemnify others which increases the likelihood of a successful claim against this policy. While the likelihood is somewhat remote, it may give reason to adjust the premium quote upwards depending on the situation.

PRODUCTS/COMPLETED OPERATIONS 5

The CGL generally excludes coverage for aircraft and spacecraft. Answering this question “yes” will likely either cause the underwriter to specifically exclude certain aircraft/space related activities and/or recommend or require an additional aviation policy.

PRODUCTS/COMPLETED OPERATIONS 6

A company with a history of product recalls or changes due to defects, etc., presents a higher risk to the insurance company. Depending on the circumstances of the previous recall, change, etc., the insurance carrier may have reason to increase the premium or, in extreme cases, reject the policy application.

PRODUCTS/COMPLETED OPERATIONS 7 &8

Retailers who sell the products of others can be held liable for product liability just as the manufacturer can. But the retailer has less control over the production and quality. The repackaging of a reputable product from a well-established vendor will likely not have a negative effect. The repackaging of a product from an unknown or problematic manufacturer will have a negative effect.

PRODUCTS/COMPLETED OPERATIONS 9

Sometimes a vendor will require that it be added under the coverage of the reseller, in this case, depending on the insurance carrier’s practices, vendor’s coverage may be added to the base policy or, more likely, either a vendors coverage endorsement or an additional insured endorsement will be added. Since this expands the coverage, the insurance carrier may require an additional premium, but not always.

PRODUCTS/COMPLETED OPERATIONS 10

By practice, insurance carriers do not subrogate against other insureds. The answer to this question is not likely to affect premium, but could.

ADDITIONAL INTEREST

It is very common in commercial insurance to add additional insureds, lienholders, mortgagees, etc. These rarely have an impact on the premium, although it is possible, for example, if the additional insured presents a significantly higher risk. Remember, an additional insured that causes losses will still affect future premiums for the named insured!

GENERAL INFORMATION

Read each question and provide an explanation to any which apply to your insured. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

GENERAL INFORMATION 1

If yes, these items will be specifically excluded and either an endorsement or a separate professional liability policy will be offered.

GENERAL INFORMATION 2

This is virtually always answer no. If, by chance, it is answered yes, nuclear and radioactive material are excluded in the CGL and a nuclear liability policy should be purchased in addition. If answered "yes," the policy may be issued with a specific exclusion as well.

GENERAL INFORMATION 3

If you answer yes, you will need to have an additional policy for pollution liability. Insurance carriers are very careful to exclude pollution liability in the CGL and may also include an additional, specific endorsement in response to a "yes" answer.

GENERAL INFORMATION 4

Just because the applicant is not actively producing and/or selling a product or service, claims may still be made years later. The insurance company wants to be sure it is aware of any past activities that may cause future claims. Past activities may be justification for increased premium and/or rejection of the application.

GENERAL INFORMATION 5

This is simply a rephrase of a previous question. The more users of machinery or equipment, the larger the liability exposure. The difference, though, is, if the applicant does rent or lease equipment to others, the equipment itself is listed here. More leasing activity presents more risk and, thus, may increase the premium.

GENERAL INFORMATION 6

The CGL generally excludes these items from coverage. If you answer yes, you should also purchase an additional watercraft policy and/or an endorsement that covers docks and wharves. Extra premium will apply to these additional coverages.

GENERAL INFORMATION 7

If a parking facility is owned or rented, the risk exposure can increase depending on if it is a self-park vs. valet. A yes answer will undoubtedly cause the underwriter to request more information. Valet parking will likely increase premium. Self-service is less likely to do so.

GENERAL INFORMATION 8

The charging of a parking fee increases the responsibilities of the insured at common law and may result in an increase in premium.

GENERAL INFORMATION 9

The risk of a child or even an adult being injured is higher when recreation facilities are provided. An increase in premium will likely result.

GENERAL INFORMATION 10

Most will answer no, but if the applicant does answer yes, it may impact the premium. The more time a third party spends on the insured premises, the greater the likelihood of a liability claim. So a tenant presents more of a risk than an occasional customer.

GENERAL INFORMATION 11

The risk of injury and/or death is higher with a swimming pool. If you answer yes, be sure to provide information about locking gates, lifeguards, etc. Swimming pools will likely increase premiums.

GENERAL INFORMATION 12

The CGL excludes liability from injury and damage during sporting events such as company softball. In addition, liquor liability may or may not be excluded. This question will likely prompt the underwriter to inquire further, but may or may not change the premium.

GENERAL INFORMATION 13

Liability caused at athletic events are excluded from coverage in the CGL. However, they could still cause an increase in defense costs. Completing this section may result in an endorsement with a specific exclusion for the listed events, but is unlikely to change the premium.

GENERAL INFORMATION 14

Any Structural Alterations Contemplated? The risk of injuries increases during remodel and construction. If any are planned, this activity may be excluded (and coverage be recommended under another policy such as a Builders Risk) or the premium may increase.

GENERAL INFORMATION 15

This question is asked for the same reason as #14 above.

GENERAL INFORMATION (continued)

Read each question and provide an explanation to any which apply to your insured. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

GENERAL INFORMATION 16

If the applicant is involved in a joint venture, it is more likely to be sued for damages even if the proposed insured was not the one at fault. The relationship with the other entity is sufficient. So the risk of a claim increases and the premium will likely increase as well. The underwriter may also inquire about the insurance coverage of the other party in the joint venture.

GENERAL INFORMATION 17

If temporary workers or leased employees are used, issues can arise as to who is actually an “insured” in the CGL. This question is asked to indicate whether an endorsement is needed to make these parties insureds under the CGL. If the applicant does lease employees to others, be sure to list them. It is also important to designate which entity is responsible for workers compensation on those employees as well – both for the applicant and the underwriter. More “insureds,” meaning covered employees will likely cause an increase in premium due to the increased risk of a claim.

GENERAL INFORMATION 18

This question is asked for the same reason a #17 above.

GENERAL INFORMATION 19

Day care facilities, understandably, present an increased risk of injury to children and will be priced accordingly in the premium.

GENERAL INFORMATION 20

The answer to this question is not likely to affect your premiums as this is a liability policy. An extraordinarily high rate of crime may make an underwriter wonder about safety and security procedures, however.

GENERAL INFORMATION 21

If the applicant does not have a handbook or other formal, written procedures for safety and security, you might recommend that they do so before purchasing the CGL. Underwriters look

at this question closely, in part, as an indication of how seriously the proposed insured takes safety and security.

GENERAL INFORMATION 22

The CGL provides liability protection on the premises. Any claims made about safety actually make it easier to prove liability if someone then injured. It is important for the underwriter to understand that enhanced risk.

ACORD 829

This form can be attached with any other ACORD form. It provides insurance carriers with any additional policy information needed by the insured and/or carriers. It is used frequently as it is the document that is used to indicate that endorsements are to be quoted and issued with the policy.

Elements of Acord 829:

FORM NUMBER

The unique identification number for the endorsement/form name being amended to the policy.

FORM NAME

The name of the endorsement/form being amended to the policy.

Send the Submission

A submission is a specific collection of documents provided to an insurance company allowing them to write an insurance policy. It is important that the submission is both accurate and complete. It is what determines the insured's policy premium or, in some cases, whether or not an insurance company will even consider releasing a quote. Submissions can be sent via fax, email, online, or through other bridging services.

The submission includes **four** different documents:

- Estimated Annual Exposure Figures
- Supplemental Applications
- Currently Valued Loss Run Reports
- Completed ACORD Forms

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage from the insurance company. Most often, quotes are made available to customer service representatives 14 to 30 days prior to the insured's current policy expiration date. Quotes can be received via email or through an insurance carrier's online system (if available).

BASE RATE - A rate the insurance carrier has filed with the state for a class code that is the starting point for premium calculations.

NOTE: *General Liability base rates are multiplied against 'per \$1,000 of the exposure'*

ESTIMATED POLICY PREMIUM = exposure figure / 1,000 X base rate

NOTE: *If the calculated estimated policy premium is too low, the insurance carrier will charge their minimum premium instead.*

COVERAGE FORM: OCCURRENCE - A form of policy that will provide coverage for events which "occur" during the policy period, regardless of when a claim is filed. It will respond to claims that come in during and after the policy has been canceled (if the incident occurred during the period in which coverage was in force).

A. M. BEST COMPANY RATING - A global credit rating (provided by the A.M. Best rating agency) indicating an insurance carrier's financial strength and credit worthiness. The insurance carrier is also assigned a Financial Size Category (FSC) to enhance the usefulness of the A.M. Best credit rating.

INSPECTION AND AUDIT FEE - Can be equated to an 'Expense', it is a fee an insurance carrier charges the insured to cover the expected costs of a policy inspection and/or audit.

TOTAL AMOUNT DUE UPON BINDING - Can be equated to a 'Deposit', it is the amount the insured needs to pay upfront in order for the insurance carrier to bind coverage.

MINIMUM EARNED PREMIUM AT BINDING - Typically presented as a percentage, it is the lowest amount the insurance carrier will charge after coverage has been bound should the insured cancel the policy.

NOTE: *Think of the short rate table used to calculate the short rate cancellation penalty. The percentage provided for 'minimum earned premium at binding' would be the starting percentage for the short rate table.*

SUBJECTIVITIES - Forms required by the insurance carrier in order for them to bind coverage with an insured.

SELF-INSURED RETENTION (SIR) - A dollar amount that must be paid by the insured before the insurance policy will respond to a potential claim.

ADMITTED / NON-ADMITTED - A status for an insurance carrier determining whether or not they are filed to do business in the state or country in which the insured's exposure is located.

NOTE: Policies are often written on Non-Admitted paper. This is not necessarily a bad thing, but may come with limitations.

Reviewing Quotes

It is important for a CSR to confirm the following when reviewing quotes received from the insurance carriers,

A - Admitted/Non-Admitted status can be a determining factor for an insured when selecting an insurance carrier/quote.

B - A.M. Best Ratings, in conjunction with an insurance carrier's admitted/non-admitted status, help an insured (and the agent) determine which carrier they prefer to bind coverage with.

C - Limits should be similar on all quotes and be high enough to cover the insured's level of operations/exposure.

D - Deductible vs Self-Insured Retention determines whether or not the insurance carrier pays first and then asks for payment from the insured (deductible) or vice versa. An insured may prefer one over the other.

E - Policy endorsements and/or **exclusions** should be identical across all quotes received (*list order does not matter*).

F - The minimum premium will most likely be different on every policy quote. This is something that might influence the insured's final decision.

G - The premium basis should be identical across all quotes received for a given renewal. Otherwise, the premium is being calculated differently on certain quotes and they cannot be compared.

H - The quotes should have the same estimated annual exposure figure.

Quote Tutorial

Elements of a Quote:

Admitted / Non-Admitted

A status for an insurance carrier determining whether or not they are licensed to do business in the state or country in which the insured's exposure is located.

Policy Limits

The highest amount of damages the insurance carrier will pay for an occurrence that the insured's insurance policy covers.

Employee Benefits Liability Endorsement

Used to add coverage for damages the insured may incur due to an error or omission committed in the administration of employee benefits. Because it is a claims-made coverage, additional limits/deductibles are applied.

A.M. Best Company Rating

A global credit rating (provided by the A.M. Best rating agency) indicating an insurance carrier's financial strength and credit worthiness. The insurance carrier is also assigned a Financial Size Category (FSC) to enhance the usefulness of the A.M. Best credit rating.

Coverage Form: Occurrence

A form of policy that will provide coverage for events which "occur" during the policy period, regardless of when a claim is filed. It will respond to claims that come in during and after the policy has been canceled (if the incident occurred during the period in which coverage was in force).

Endorsements

All the items below are an amendment to an insurance policy which adds, modifies or excludes coverage.

Most often, the list order of endorsements are:

1. Coverage Additions
2. Coverage Modifications
3. Coverage Exclusions

Total Amount Due Upon Binding (Deposit)

The amount the insured needs to pay upfront in order for the insurance carrier to bind coverage.

Minimum Earned Premium (at Binding)

The lowest amount the insurance carrier will charge after coverage has been bound should the insured cancel the policy.

Base Rate

A rate the insurance carrier has filed with the state for a class code that is the starting point for premium calculations.

Premium Basis

For this quote, "Gross Sales" is the basis to which rates are applied to determine premium.

Exposure

The insured's level of risk to a loss or claim represented as actual/estimated figures. In this case, it is an estimated exposure figure of \$2.8 million in gross sales.

Create and Present the Proposal

After receiving and reviewing the released quotes from the insurance companies, select the quote with the best pricing and coverage for your proposal.

Creating the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details for what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Signed paperwork from the insured

Present the Proposal

Most often proposals should be presented to the insured in person by the producer. If this is not possible, proposals can be sent to the insured via email or mail. Proposals not presented in person should still be discussed verbally with the insured.

Elements of a Proposal:

Policy Term (Policy Period)

The policy period is the time during which the insurance is enforced. All General Liability claims must be made during policy period.

Insurance Carrier

The Insurance Carrier is the company with whom the insured's insurance is placed. This placement is based on the type of coverage as well as the amount of coverage needed by the insured.

AM Best Rating

AM Best is the premier independent rating agency for insurance companies basing their rating on the financial strength of the company and their ability to pay claims.

Named Insured

The name listed in this section is generally the first named insured. This is important for the company because the power to make changes to the policy and ability to receive statements and information about the policy always rests with the first named insured.

Location

The location listed here shows where correspondence will be sent.

Limits

Limits are the maximum amounts the insurance company will pay for any single occurrence. An aggregate limit is the most the policy will pay for all losses during the policy period.

Defense Costs

The policy also provides that the insurance company will hire and pay for attorneys to defend you for any covered claim. These expenses can be included in policy limits or in excess of the policy limits. In this policy, the defense costs are outside of the policy limits, which is the preferred option.

Rates

Premiums in a general liability insurance policy are calculated based on your gross sales.

Coverage Restrictions

Coverage restrictions can affect your deductible. If you hire a subcontractor, they must have the same or higher coverage limits than you have in this policy. You must also require written contracts as well as hold harmless agreements to protect yourself. If you use a subcontractor and don't meet these requirements, you still have coverage under the policy, but your deductible will be \$10,000 per occurrence rather than \$2,500.

Cancellation

If you do not pay the premium, you will receive at least 10 days notice before the policy is cancelled. For any other reason, including if the company decides not to renew at the policy renewal date, you will receive at least 30 days notice.

Minimum Premium Earned

If the insured cancels the policy before the end of the policy period, you will receive your unearned premium back if that exceeds 25% of the total premium. Put another way, you won't get more than 75% of your premium returned.

Bind Coverage with the Insurance Company

Binding coverage means that an insured has agreed to an insurance company's quote and is requesting that the coverage begins on the policy's effective date. This bind coverage request is referred to as a bind order.

Bind Order

Insurance carriers require customer service representatives to submit bind orders in writing. Bind orders can be submitted via mail, email, fax, or through an insurance carrier's online system (if available).

Bind orders must include,

- Signed ACORD 125 form
- Signed ACORD 126 form
- Signed ACORD 829 form
- Signed supplemental application(s)
- A copy of the deposit check
- Subjectivities (*other forms as required by the insurance carrier*)

Policy Checking

After the insurance carrier binds coverage for the insured, the insurance carrier issues a copy of the policy within two to four weeks. In most situations, the customer service representative will be sent the policy before it is sent to the insured. It is critical to check the policy for accuracy and resolve any discrepancies with the insurance carrier prior to sending the policy to the insured.

Policy checking involves reviewing the three documents that should contain identical information:

1. The **QUOTE**, including revisions, provided by the insurance carrier
2. The **PROPOSAL** provided to the insured
3. The **POLICY** being issued

Policy Checklist

We recommend customer service representatives to have or obtain from their supervisor a standard policy checklist to ensure consistency and accuracy. Should there be any discrepancies between the documents, it serves as an excellent resource for explaining the issues to others. This in turn results in quicker resolutions.

The Claims Process

Customer service representatives have specific duties in the event a claim arises.

- Notify the insured's insurance carrier as soon as possible
- Collect the who, what, why, when and how regarding the occurrence from the insured
- Immediately send any notices of summons and/or complaints
- Cooperate with the insurance carrier

Final Audits

Audits are performed to verify the insured's operations and to update their insurance policy with any changes. Audits have the potential to affect premium and classification rates.

Types of Final Audits

There are **two** types of Commercial General Liability audits:

Voluntary Audit

In this type of audit, the insurance carrier sends a 'Voluntary Audit Form' to the insured within 30 days of the policy expiration date. Usually sent via mail, the insured must complete the form and return it to the insurance carrier quickly. The main focus of the audit is to determine the insured's **actual** exposure figures during the policy year.

Physical Audit

This type of audit is far more extensive and is conducted within 60 days after the policy expiration. An individual, known as an 'auditor', visits the insured's business location(s) and completes an audit within 30 days.

Documents Necessary for Audits

General liability audits require the insured to provide source documents and one or more verification documents to the auditing company. The specific documents needed vary depending on the premium basis used to calculate the insured's policy premium.

Gross Sales-Based General Liability Policy

The insured's sales information during the course of their policy period is required to be provided.

Source Documents (*one of the following*)

- Sales Journals
- General Ledger
- Income Statements/Profit & Loss Statement

Verification Documents (*one of the following*)

- Federal Tax Returns
- State Sales Tax Returns
- Income Statements/Profit & Loss Statement

Payroll-Based General Liability Policy

The insured's payroll information and payment details to others (including subcontractors and contract labor) during the course of their policy period is required to be provided.

Source Documents (*one of the following*)

- Payroll vendor's payroll information reports
- Internal reporting application's payroll information reports
- Accountant's or bookkeeping service's payroll information
- **If the insured paid for contracted labor:** A report with names, description of work performed, date work started/ended, total amount paid and cost of materials supplied

Verification Documents (*one of the following*)

- Federal Form 941
- Federal Form W-2
- Federal Form W-3
- State Unemployment Wage Reports
- **If the insured is a sole proprietor:** Federal Form 1040
- **If the insured is a partnership:** Federal Form 1065
- **If the insured is a corporation:** Federal Form 1120
- **If the insured paid for contracted labor:**** Provide Certificates of Insurance (COI's) for subcontractors including dates worked

Possible Final Audit Situations

Below are two situations which could arise from an insured being audited and how you can support them should they contact you for assistance.

Insured Disagrees with Outcome

In this case, the insured needs to submit a written and **signed** letter of dispute to the insurance company including:

- Name of business
- Policy number
- Phone number
- Email address
- Detailed description of the issues being disputed

The insured would still need to pay the undisputed portion of the final audit pending resolution of the dispute.

Insured Does Not Comply

This situation is unfortunate and is beyond a CSR's ability to provide assistance. Below are a few of the possible outcomes:

- The insured's current policy might be canceled
- The insured's final audit premium could be increased

Common Final Audit Mistakes

An insured is an expert at their business, but typically not an expert when it comes to completing a final audit. Mistakes are sometimes made and below is a list of the most common ones you can help remind an insured should they reach out to you for help.

Accidentally including the following in Gross Sales:

- Sales or excise taxes which are collected and submitted to a governmental division
- Credits for repossessed merchandise and products returned (allowances for damaged and spoiled goods)
- Finance charges for items sold on installments
- Freight charges on sales if freight is charged as a separate item on customers invoice
- Royalty income from patent rights or copyrights which are not product sales
- Intra-company sales (sales between locations under the same entity)

Failing to collect Certificates of Insurance from contractors

The commercial general liability policy automatically covers the insured for suits due to an independent contractor's operations. The base rate applied for this coverage can be decreased if the insured obtains and keeps certificates of insurance for their independent contractors on file. Additionally, the certificates of insurance can preserve the liability limits of the insured and keep claims out of their loss experience.

Total CSR - Data - Commercial Lines - Introduction to Commercial Lines

[Insurance Projects Total CSR Commercial Lines](#)

Introduction and Terminology

CLAIM - A formal request to an insurance company for coverage or compensation for a covered loss or policy event.

LOSS - Any injury or damage that the insured suffers because of a covered accident or misfortune.

INSURED - A person or organization covered by insurance.

CARRIER (a.k.a 'insurer') - The company that holds the insurance policy. In addition, it is the company to which insurance payments are sent and the company that pays if a covered claim is filed.

UNDERWRITING (a.k.a. 'writing') - The process of evaluating the risk of insuring something or someone, to determine if it's profitable for the insurance company to accept the risks.

UNDERWRITERS - Trained insurance professionals with specialized knowledge in risk assessment and determines tasked with the decision to accept or deny a policy application and to determine the correct premium.

AGENT OF RECORD - The individual or company authorized to represent an insured in the purchase, servicing, and maintenance of insurance coverage with a designated insurer.

PREMIUM - An amount to be paid for an insurance policy.

LIABILITY - The state of being legally responsible for bodily injury (BI) or property damage (PD) to a third party.

STATUTE - A written law passed by a legislative body.

ACORD Forms Overview

ACORD forms are universally recognized documents that contain information which most, if not all, insurance carriers require for them to process an insurance quote.

ACORD 125

ACORD 125 is considered to be the foundation of all commercial applications by providing detailed information regarding the insured. It is most often included with all coverage line submissions since it contains information not duplicated on any other ACORD commercial application form.

As you complete the ACORD 125, you may notice that some fields are left blank. That is fine. It simply means that the information is not needed for the type of policy the applicant is applying for.

Elements of Acord 125:

AGENCY NAME AND ADDRESS

Some insurance agency's management systems (AMS) may automatically fill out this section. If not, you will be required to manually input **y**our agency's information**** in this section.

DATE

Remember to enter the date here.

AGENT OF RECORD

Agency information will be used for communication purposes but also will be used to appoint the agency of record or agent of record and, among other things, that's who gets paid the commissions.

STATUS OF TRANSACTION

Most often you will be submitting the ACORD 125 (along with other ACORD forms) for a **QUOTE**.

A quote is where you wish to receive the expected premium for a carrier to provide the insured with the requested coverages.

INDICATE LINES OF BUSINESS

The only information needed to fill in this section is which lines of businesses you are helping place with the insured.

Mark each line of business in the boxes to the left (where this label marker is).

PREMIUM

There is no need to enter premium number. That is done later by the carrier.

PROPOSED EFFECTIVE DATE

Enter the date for when the insured needs the proposed policy's coverage to begin.

PROPOSED EXP DATE

Enter the date for when the insured needs the proposed policy's coverage to end.

BILLING PLAN

This indicates whether the insured or the agency will be billed the premium for the policy.

In most cases, you will want the carrier to bill the insured **DIRECT**LY****.

PAYMENT PLAN

This indicates how the total premium will be broken into payments for the insured.

Most often, the insured will opt for a **MONTHLY** payment plan if a carrier is able to offer it (just type MONTHLY into the box).

AUDIT

Indicates how often or when it is appropriate to audit the insured for accuracy regarding this policy.

An annual audit is most common; enter 'A' into this field as it stands for 'Annual'.

Carriers routinely audit on an annual basis whether you request it or not.

APPLICANT INFORMATION

Enter in the name and mailing address for the insured here.

FEIN OR SOC SEC

Enter the insured's EIN number or, if an individual, their social security number.

BUSINESS PHONE

Enter the insured main business phone number.

OTHER NAMED INSURED

Sometimes the insured needs to include others for coverage under the policy.

Enter the other named insured's information here.

TYPE OF BUSINESS ORGANIZATION

Check the appropriate box indicating the type of business organization. Different business organizations can mean different insureds included in the policy, so this is important for the underwriter to know.

WEBSITE

If the applicant has a website, enter the URL, or web address in this section. Underwriters will routinely check applicant websites for additional information and to assure that the information on the application is consistent with the information being presented to the public.

POLICY INFORMATION

For some, the term "policy information" may be confusing. How can you enter policy information when you don't even have a policy yet? Luckily, at the quote stage of the process, all you need to enter here is the proposed effective date for the new policy and the proposed expiration date.

CONTACT INFORMATION

Enter at least one contact for the insured and include:

- Contact Type
- Contact Name
- Primary Phone # / Type

DATE BUSINESS STARTED

A business with a longer history is a better risk than a new one. That doesn't at all mean a new business won't be accepted, but it is a concern the underwriter will take into account when pricing the policy quote.

LOC

This area is used as a reference tool for all other ACORD forms. When filling out other forms, it will sometimes ask for you to indicate which **location #** you are referring to.

BLD

This area is used as a reference tool for all other ACORD forms. When filling out other forms, it will sometimes ask for you to indicate which **building #** you are referring to.

Since this is the first building you will be listing under the insured for this location, enter a "1".

Any other buildings at the same location will be marked in subsequent order ("2" then "3" and so on).

When adding a building at a second location, the building number will reset to "1" as it's the first building at the second location.

Since this is the first location you will be listing under the insured, enter a "1".

Any other locations will be marked in subsequent order ("2" then "3" and so on).

PREMISES INFORMATION

Enter the address for the location/building.

CITY LIMITS

Indicate whether or not the premises falls within the specified city's limits. Most often the premises will be **INSIDE** city limits.

INTEREST

This indicates whether or not the insured owns or is renting the premises. If renting, choose **TENANT**.

EMPLOYEE INFORMATION

Indicate the number of full-time and part-time employees employed by the insured.

REVENUES AND SQ FT. INFO

Enter in the insured's,

- Annual revenues
- Occupied area in sq. ft.
- Sq. ft. open to the public
- Total building area in sq. ft.
- Whether or not part of the premises is leased to others

All this is used to help determine the insured policy premium.

NATURE OF BUSINESS

Check the box to indicate the insured's nature of business.

For example, if they are a contractor, check **CONTRACTOR**.

DESCRIPTION OF PRIMARY OPERATIONS

Enter the description of the operations of the insured. Also enter in the level of quality, cleanliness and any other details that may help 'paint the picture' of the insured; it may increase or decrease their premium.

ADDITIONAL INTEREST

If the insured has another party with additional interest in their business' operations. Indicate the type of interest by checking the appropriate box.

NAME AND ADDRESS

Enter the full name and address for the party with additional interest.

RANK

Enter the ranking of 'this' additional interest when multiple additional interests are associated with the same item.

If an item has multiple parties with additional interest, the rank "1" interest will be compensated first in the event of a claim involving the item.

Enter a '1' here in most cases.

EVIDENCE

The additional interest may need evidence that the insured has secured an insurance policy with them being listed as having additional interest.

In most cases, you will request that a **CERTIFICATE** is sent to the additional interest as evidence of insurance.

REASON FOR INTEREST

Enter the description for the interest in the item.

General Information

Read each question and provide an explanation to any which apply to your applicant. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

YEAR

Enter the year for which you are providing the information (it will be based off of the effective date for the policy).

GENERAL LIABILITY

Enter the following information for the insured's prior commercial general liability insurance policy,

- Carrier
- Policy Number
- Premium
- Effective Date
- Expiration Date

AUTOMOBILE

Enter the following information for the insured's prior commercial auto insurance policy,

- Carrier
- Policy Number
- Premium
- Effective Date
- Expiration Date

LOSS HISTORY

Check this box if the insured did not have any losses for the previous policy periods.

Otherwise, fill out the information regarding the claim(s) below.

(for the purposes of the next scenarios, this box must be checked as loss runs will be taught later in the onboarding program)

Signatures

These are not required when submitting for quotes; however, are required during the Quote Binding Process.

(the quote binding process will be reviewed later in the onboarding program).

Supplemental Applications

ACORD forms provide the majority of information needed for an insurance carrier to write a policy. However, insurance carriers may still require additional information regarding the insured's business operations as it relates to their industry. Supplemental applications are what provide this additional information to the insurance carriers.

Collecting Additional Information

When required by an insurance carrier, either the producer or the customer service representative will send a supplemental application to an insured for them to complete.

As an example: additional information that the insured may provide for a workers' compensation insurance policy include:

- Operations relevant to workers' compensation coverage
- Scope of work
- Safety procedures
- Hiring practices
- Payroll history
- Any other details not found on ACORD forms, but are necessary for the insurance company

Certificates of Insurance

In many business contracts there is a requirement for one party to hold a certain amount of insurance. A certificate of insurance is a form used to provide evidence of insurance to the third-party who has an "interest" in the insured's coverage. The third-party is most often referred to as the 'certificate holder'.

There are three processes typically involved with certificates of insurance:

- Reviewing Insurance Requirements
- Updating a Policy
- Issuing a Certificate of Insurance

Reviewing Insurance Requirements

When an insured requests for a certificate of insurance to be issued, it's necessary to first understand the insured's contractual insurance requirements.

Make sure to review the following:

- The purpose of the request and the working relationship between the insured and the third-party requesting the evidence of insurance
- The insured's current policy effective and expiration dates as they relate to the contractual requirements
- The insured's policy coverages and limits as they relate to the contractual requirements

Updating a Policy

If the negotiations fail and the contractual requirements are not met by the insured's current insurance portfolio, it's then necessary to update the insured's policy or policies by procuring additional coverage. This is because a certificate of insurance is only a summary of insurance and cannot change the terms of an existing insurance policy.

Any changes to a policy may impact the insured's premium(s). As such, it's best to first request a quote from the insured's insurance carrier(s) to see how much the updates would affect premiums.

Request a Quote

This can be done by simply sending an email requesting the carrier(s) to provide you with a quote on updating the policy with the endorsements needed to fulfill the contractual requirements.

Typical endorsements include:

- Adding the certificate holder as an additional insured
- Providing a waiver of subrogation
- Providing primary and non-contributory wording

Issuing a Certificate of Insurance

If negotiations are successful or updates have been successfully made to the insured's insurance portfolio, the certificate of insurance can then be issued.

There are two sets of documents that must be included together when issuing a cert:

1. ACORD 25 - Certificate of Liability Insurance
2. Endorsements

ACORD 25 - Certificate of Liability Insurance

The ACORD 25 is the most common 'Certificate of Insurance' document within the industry.

Unlike other ACORD forms that are sent to an insurance carrier, the ACORD 25 is sent directly to the certificate holder.

Copies of the completed ACORD 25 should also be sent to the insured and kept within the insured's file at your agency.

Elements of a Acord 25:

PRODUCER

Enter the full name of the producer or agency and their full mailing address.

INSURED

Enter the full name of the insured and their full mailing address.

CONTACT INFO

Enter the producer's or agency's:

- Contact Name
- Phone Number
- Fax Number
- E-mail Address

INSURER(S) AFFORDING COVERAGE

For as many carriers that are needed to stipulate for the certificate of insurance, enter each carrier's full legal company name.

The letter assigned to the carrier will be used to reflect which line of insurance they cover for the insured.

For example:

- **Insurer A:** ABC Insurance Company
- **Insurer B:** National Insurance Company

NAIC

Enter the identification codes assigned by the NAIC to each carrier.

INSR LTR

Enter the company letter of the carrier as identified in the "INSURER(S) AFFORDING COVERAGE" section associated with the insured's respective line of insurance.

(repeat for each line of insurance included in the cert request)

CLAIMS-MADE vs. OCCUR

Check the box to indicate whether the insured's commercial general liability policy is on a "claims-made" or "occurrence" basis.

Most often, this policy is written on an **OCCURRENCE** basis.

GENERAL AGGREGATE LIMIT

Check the box to indicate whether the policy's general aggregate limit applies on a,

- per policy basis
- per project basis
- per location basis

ADDL INSD

Enter Y for a "yes" response or N for a "no" response. This indicates if the certificate holder has been named as an additional insured for the insured's respective line of insurance.

(repeat for each line of insurance included in the cert request)

SUBR WVD

Enter Y for a "yes" response or N for a "no" response. This indicates if a waiver of subrogation endorsement has been included in favor of the certificate holder

for the insured's respective line of insurance.

(repeat for each line of insurance included in the cert request)

POLICY NUMBER

Enter the insured's insurance policy number.

(repeat for each line of insurance included in the cert request)

POLICY EFF

Enter the policy effective date for the respective line of insurance.

(repeat for each line of insurance included in the cert request)

POLICY EXP

Enter the policy expiration date for the respective line of insurance.

(repeat for each line of insurance included in the cert request)

LIMITS

Enter the policy limits of the insured's respective line of insurance.

(repeat for each line of insurance included in the cert request)

PER STATUTE vs. OTHER

Check the box to indicate whether the limits were set at the state's statutory limits or if additional coverage above the workers' compensation statutory limits applies.

Most often, the limits are set **PER STATUTE**.

COMMERCIAL AUTO

Enter the coverage details for the insured's commercial auto policy.

OCCUR vs. CLAIMS-MADE

Check the box to indicate whether the insured's commercial umbrella or excess liability policy is on a "claims-made" or "occurrence" basis.

Most often, this policy is written on an OCCURRENCE basis.

Y/N

Enter Y for a "Yes" response. Input N for "No" response. Indicates whether the workers compensation and employers liability policy excludes any proprietor, partner, executive officer, or member.

DESCRIPTION OF OPERATIONS

Enter the information necessary to identify the operations, locations, vehicles, exclusions added by endorsement, and/or special provisions for which the certificate was issued.

CERTIFICATE HOLDER

Enter the certificate holder's full name and mailing address.

Endorsements

Whenever there is a contractual requirement for an insured to have certain coverage endorsements, the endorsement pages must also be attached with the ACORD 25 when issuing the Certificate of Insurance.

Below are three common endorsements,

- Additional Insured
- Waiver of Subrogation
- Primary & Non-Contributory

Payment of Premiums

In order for an insured to be covered by an insurance policy, a premium must be paid to an insurance carrier. Depending on the carrier, there may be different billing options available for the insured's policy premium. In order to understand the what, when, and why for **premium financing**, we must first understand this difference in insurance carriers.

There are two different kinds of carriers:

1. Admitted
2. Non-Admitted (Surplus Lines)

Admitted Carriers

Admitted carriers are insurance carriers that have been approved by the state's insurance department for following their standard rules and regulations.

Insureds experience certain benefits when they secure a policy with an admitted carrier:

- The insured doesn't have to pay as many fees and taxes for the policy
- If the carrier fails financially, the state will step in and cover part or all of the insured's claim(s)
- If the insured doesn't agree with how a claim was handled, they can appeal the decision to the state insurance department

Unfortunately, not all insureds have the ability to secure an insurance policy with an admitted carrier. Admitted carriers choose both the insured and the specific line of insurance they feel comfortable underwriting. Admitted carriers tend to choose less complex, low-risk lines of insurance rather than more complex, high-risk lines of insurance since they must adhere to the rules and regulations of the state. Oftentimes this allows the ability to offer much more flexible billing options for their insureds.

Insureds typically have the following billing options when paying their premium:

- Full down payment
- 10% deposit with a monthly installment plan
- 10% down payment with a monthly installment plan
- 15% down payment with a monthly installment plan

A **deposit** is an upfront payment by an insured to a carrier that does not help pay for a policy's premium. Carriers offer this billing option typically for workers' compensation as the insured could owe additional funds once the insured's end-of-year audit is completed (*audits will be taught in a later lesson*). Once the policy's premium is fully paid, the deposit may rollover to the insured's next policy, be used to pay for additional payments from the audit, or be sent back to the insured.

- *For example: If an insured owes \$100,000 in premium with a 10% deposit, the insured must provide \$10,000 for the deposit and then pay the full \$100,000 in premium through a monthly installment plan. The initial \$10,000 paid would not initially be applied to the premium.*

A **down payment** is also an upfront payment by an insured to a carrier, but this does help pay for a policy's premium.

- *For example: If an insured owes \$100,000 in premium with a 10% down payment, the insured must provide \$10,000 for the down payment and then pay the remaining \$90,000 in premium through a monthly installment plan.*

Non-Admitted Carriers

An insured is typically denied coverage when their business operations come with too high a risk or are too complex for an admitted carrier to adhere to the state's rules and regulations. If an insured is denied coverage by an admitted carrier, their next option is to secure an insurance policy with a non-admitted carrier.

Non-admitted carriers are insurance carriers that have either been denied "admitted" status by the state's insurance department or are outside the state for which the insured needs to be provided coverage in. Since non-admitted carriers do not have to follow the rules and regulations set forth by the state's insurance department, they are more willing to write coverage for a more complex, high risk insured. The drawback is that the insured doesn't experience the same benefits offered by admitted carriers and the premium is usually required as a full down payment.

Premium Financing

When a non-admitted carrier's premium is too large a sum for an insured to afford, premium financing is an option which lessens the financial burden for the insured. In premium financing, a party provides a loan to an insured to cover their premium which is typically required as a full down payment. In exchange, the insured pays back the amount with interest through billing options similar to those offered by admitted carriers. Premium financing can be offered to an insured by a number of parties.

It could be offered by...

- The Policy's Insurance Carrier
- The Surplus Lines Broker (*Wholesaler*)
- The Insured's Insurance Agency
- A Bank
- A Premium Finance Company

Premium financing is beneficial for the insured as it:

- Optimizes their cash flow

- Enables them to purchase the more comprehensive policy of a non-admitted carrier at an affordable price
- Could be a "one stop" payment option for multiple policies
- Creates a possible tax advantage

Total CSR - Data - Commercial Lines - Workers' Compensation

[Projects](#) [Insurance](#) [Total CSR](#) [Commercial Lines](#)

Workers' Compensation Requirements

Customer service representatives must understand the unique concepts that separate each line of insurance. The following are for workers' compensation.

Compulsory vs. Elective

Workers' compensation laws are *compulsory* in almost every state. This means that employers are required to comply with state workers' compensation laws and must purchase a workers' compensation insurance policy.

Employers in *elective* states have the option to enroll in the workers' compensation system and may elect not to purchase a workers' compensation insurance policy.

Policy Providers

In most states, employers have the ability to purchase a workers' compensation insurance policy from a variety of providers. Policy providers include competitive state funds (state-run insurance companies), private insurance companies, and, in some states, self-insurance (employers' insurance themselves).

Monopolistic states do not allow for various options as their state laws require employers to purchase a workers' compensation policy strictly from the state fund. Typically, the state fund policies do not include *employers' liability coverage* and a *stop gap endorsement* (both taught in a future lesson) must be purchased to remove the coverage gap.

Regulations based on States:

Alaska:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and

have a variety of policy providers to choose from.

Arkansas:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Arizona:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

California:

CALIFORNIA

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Colorado:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Connecticut:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Delaware:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Florida:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and

have a variety of policy providers to choose from.

Georgia:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Hawaii:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Iowa:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Idaho:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Illinois:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Indiana:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Kansas:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Kentucky:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Louisiana:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Massachusetts:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Maryland:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to

obtain a workers' compensation policy and have a variety of policy providers to choose from.

Maine:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Michigan:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Minnesota:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Missouri:
COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Mississippi:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Montana:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

North Carolina:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and

have a variety of policy providers to choose from.

North Dakota:
COMPULSORY
and
MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy, but can **ONLY** purchase the policy from the state fund.

Nebraska:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

New Hampshire:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

New Jersey:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

New Mexico:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Nevada:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

New York:
COMPULSORY
and
NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Ohio:

COMPULSORY

and

MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy, but can ONLY purchase the policy from the state fund.

Oklahoma:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Oregon:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

South Carolina:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to

obtain a workers' compensation policy and have a variety of policy providers to choose from.

South Dakota:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Tennessee:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Texas:

ELECTIVE

and

NON-MONOPOLISTIC

Employers in your state are NOT required by state statute to obtain a workers' compensation policy, but have a variety of policy providers to select from if they choose to do so.

Virginia:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

Washington:

COMPULSORY

and

MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy, but can ONLY purchase the policy from the state fund.

Wisconsin:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and have a variety of policy providers to choose from.

West Virginia:

COMPULSORY

and

NON-MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy and

have a variety of policy providers to choose from.

Wyoming:
COMPULSORY
and
MONOPOLISTIC

Employers in your state are required by state statute to obtain a workers' compensation policy, but can ONLY purchase the policy from the state fund.

Failure to Secure Benefits Penalties

There are penalties if an employer in a compulsory state does not secure a workers' compensation insurance policy. Most penalties are in the form of a fine; however, some states may issue criminal penalties. In addition, most states will also prevent employers from conducting business until the employer purchases a policy.

Exclusive Remedy Provision

Compulsory states often include an exclusive remedy provision within their workers' compensation statutes. This provision declares that receiving workers' compensation benefits is considered to be the sole remedy an injured employee has against their employer. In short, injured employees cannot file a lawsuit against their employer for damages.

Coverage

Workers' compensation is considered a "no-fault" coverage. This means that an injured worker does not have to prove the employer was at fault for the injury in order to qualify for coverage. In exchange for this, the injured employee gives up the right to sue their employer for damages (as declared by the exclusive remedy provision).

Workers' compensation coverage consists of three parts:

1. Part One: Workers' Compensation
2. Part Two: Employers' Liability
3. Part Three: Other-States

Part 1: Workers' Compensation Coverage

Worker's compensation coverage provides benefits to employees who are injured or sickened as a result of their employment.

There are four types of benefits employees can receive:

Medical Expenses:

Medical costs to treat the injured or ill employee.

Disability Income:

If the covered injured or ill employee experiences a loss of income, lost wage benefits are paid for.

Rehabilitation Expenses:

Physical rehabilitation costs and any associated expenses incurred by the injured or ill employee.

Death Benefits:

Funeral expenses and income stipends for eligible dependents are paid for should an employee's death occur due to employment.

Part 2: Employers' Liability Coverage

Employers' liability coverage protects the employer in the event an employee makes a claim against them for an injury or illness that is not covered by workers' compensation laws. Below are a few examples of when this coverage would be used to protect the employer.

- **Dual Capacity** - An injured employee, after filing and receiving benefits for a workers' compensation claim, also sues their employer for actions other than as an employer. Most often seen as a products liability claim against a manufacturer who is also the employer.
- **Consequential Bodily Injury** - An employee filed a claim against their employer as one of their family members was injured or became ill due to the employee's working conditions.
- **Care and Loss of Services (a.k.a. 'loss of consortium')** - An injured worker files a claim against their employer as they are unable to perform certain home or childcare duties as a result of a workplace injury or illness.
- **Third Party Over** - A workers' compensation claim is the sole remedy available for an employee injured within the scope of employment. However, in certain situations, the employer may be held liable for additional damages. These are called "Third Party Over" or "Negligence" actions.

Contractual Liability

It is common in business transactions for contracts to include clauses that require one party (Peter's Plumbing) to indemnify the other (Gerry the General Contractor [GC]) if that other party

(Gerry the GC) is found liable for damages or injuries to third persons. This is called Contractual Liability.

Claiming Damages from a Non-Employer

Remember, an injured employee may still claim damages from a non-employer. When an injured employee secures a judgment against a non-employer, the non-employer usually attempts to collect reimbursement from the employer.

- When the non-employer uses contractual liability as the reason for reimbursement, it's called a Third Party Over action.
- When no contractual liability exists, a negligence action is filed. (See the Exclusions Lesson for a Negligence Action example.)

Example

Third Party Action Over

Hank rents office space from Laura. In the lease agreement is a provision that states that, if Laura is found liable for any damages that occur within the space Hank is renting, Hank must reimburse Laura for those damages.

Hank decides to build a break room and hires Monty to install cabinetry. Two months after the cabinets are installed, one of them falls on Janice, causing injuries.

Janice collects workers' compensation from Hank, which is the only remedy available by law. However, Janice also sues Laura, the landlord, for not providing a safe building. Since Janice is not limited to workers' compensation from Laura (since Janice is not Laura's employee), a court awards Janice \$100,000 in damages.

Laura then turns to Hank, the tenant, to be reimbursed for the damages under the lease contract. Hank must pay Laura \$100,000, in addition to the workers' compensation award he already paid!

The fact that the relationship and the lease agreement allowed Hank to be liable for more than just workers' compensation payments makes this a Third Party Over action.

Part 3: Other-States Coverage

Workers' compensation coverage (part one) only provides coverage in the states declared in the policy. However, an unforeseen event or expansion may require an employee to operate in a state not covered by the policy. If the employee is then injured, a workers' compensation claim could be under the law of another state. If this is the case, a state's workers' compensation laws

could have higher benefit payouts than the insured's policy allows for and the insured would be responsible for the difference.

To combat this issue, a coverage-broadening statement can be included in the ACORD 130 (3c) so that the insurance carrier will cover the (potentially increased) amount required for benefits in the non-declared state(s). Here is an example statement,

"All states except monopolistic"

Limits of Liability

A policy limit is the highest amount of damages the insurance carrier will pay for a claim that the insured's policy covers. Workers' compensation coverage limits vary depending on the state.

Part 1: Workers' Compensation Coverage Limits

There are no set coverage limits for the amount an employee can be paid for Part 1 benefits coverage. As you'll see later, most other policies have a fixed limit. That being said, it doesn't mean an injured employee will be paid an endless amount for expenses they incur due to their work-related injury or illness.

Each state has its own method to calculate the amount that will be provided to pay for an injured or ill employee's benefit expenses. Most often, the following two factors are used somewhere in their calculations:

The employee's average weekly wage

The severity of the injury or illness

Part 2: Employers' Liability Coverage Limits

Unlike Part 1 of coverage which has no limits, state laws have determined limits for employer's liability coverage. These limits vary from state to state, but the most common basic limits are:

- \$100,000 per occurrence for bodily injury
- \$100,000 per employee for bodily injury by disease
- \$500,000 overall policy limit for bodily injury by disease

An insured can have these limits increased on their policy by paying an additional percentage on the premium (the percentage amount varies by the insurance company.)

Common Endorsements

A policy endorsement is a change to an insurance policy that adds, modifies, or removes coverage. Once an endorsement is added to the insurance policy, it becomes part of the legal

insurance contract. Unless the policy endorsement specifies a time period for which the endorsement is valid, it will typically remain part of the policy until it is renewed.

Waiver of Subrogation

A waiver of subrogation is a policy endorsement where one party agrees to waive its right to pursue the other party in the case of a loss.

Example

A sub-contractor is injured when a general contractor tripped him on the job site, leading to a broken ankle. The sub-contractor's insurance carrier will pay the benefits owed to the injured employee and then pursue the general contractor's insurance carrier for the paid loss amount. A waiver of subrogation in favor of the general contractor will prevent the sub-contractor's insurance carrier from recovering the paid loss amount.

Waiver of Subrogation can be issued in two different versions.

Blanket Waiver of Subrogation

A blanket waiver of subrogation provides the ability to issue an unlimited amount of waivers at a fixed cost (usually 2% of annual premium). This also expedites the process for issuing waivers on certificates of insurance.

Scheduled Waiver of Subrogation

Also known as a 'Project Specific' waiver of subrogation. As the name infers, it is issued on a project-specific basis. This option is more common when the insured needs to issue fewer waivers on a policy. The cost is typically 5% of the premium generated for the project, and often takes a few days and some paperwork to get issued.

Common Endorsements

Stop Gap (Employers' Liability) Endorsement

Employers in monopolistic states must purchase workers' compensation insurance from the state fund. The state fund policy does not often cover all of the employer's liabilities which are required and automatically included in non-monopolistic states.

Since this is the case, employers in monopolistic states doing business in non-monopolistic states must obtain the additional required employers' liability coverage to be in compliance. To do so, a "stop gap" or "employers liability coverage gap" is usually attached with their state fund insurance policy. The *stop gap employers' liability endorsement* fills in the state fund's employers' liability coverage (Part 2) gap that is required by the non-monopolistic states.

Voluntary Compensation Endorsement

In some states, workers' compensation insurance is not required for employers who have fewer than a specified number of employees. In other states, employees are classified in a category making them ineligible for coverage by workers' compensation insurance. A *voluntary compensation coverage endorsement* allows the employer to extend workers' compensation insurance benefits to these types of employees. If these types of employees are then injured on the job, they have the option to either volunteer for the extended benefits coverage or file a lawsuit against the employer.

Sole Proprietors, Partners, Officers, and Others

Coverage Endorsement

In certain states, it is allowable for sole proprietors, partners, limited liability members/managers, and executive officers to determine whether or not they would like to include or exclude themselves from workers' compensation coverage.

If they are **not** required by law to be covered by workers' compensation insurance, they can elect for employer's workers' compensation insurance coverage by attaching a *sole proprietors, partners, officers, and others coverage endorsement* to the policy.

If they **are** required by law to be covered by workers' compensation insurance, but the state allows them to be excluded, they can opt out of their employer's workers' compensation insurance coverage by attaching a *sole proprietors, partners, officers, and others coverage exclusion endorsement* to the policy.

Other Endorsements

We will not be covering these endorsements as their applications vary by state. We recommend working with a supervisor should you come across any of the following endorsements.

Employee Leasing Endorsements

- Alternate Employer Endorsement
- Employee Leasing Client Endorsement
- Employee Leasing Client Exclusion Endorsement
- Labor Contractor Endorsement
- Labor Contractor Exclusion Endorsement

International Endorsement

- Foreign Coverage Endorsement

Federal Endorsements

- Federal Employers' Liability Act Coverage Endorsement
- Longshore and Harbor Workers' Compensation Act Coverage Endorsement
- Outer Continental Shelf Lands Act Endorsement
- Maritime Coverage Endorsement
- Defense Base Act Coverage Endorsement

Common Exclusions

An exclusion is language in an insurance policy that, instead of adding or modifying coverage, removes coverage from the policy. This is sometimes built into the policy language itself, but oftentimes by endorsement. If the excluded coverage is necessary for the insured, the insured can sometimes negotiate for the exclusion to be removed from the policy.

Common Workers' Compensation Exclusions

Aircraft Operation - All members of the flying crew e.g pilots, navigators, etc are excluded.

Foundry Operation - Those involved in melting and pouring the metal into the mold or other parts of the foundry operations process are excluded.

Asbestos Abatement - Those involved in the procedures designed to control the release of asbestos fibers from asbestos-containing materials are excluded.

Daycare Services - These are excluded if daycare services are provided by the insured primarily for use by its employees' dependents.

Example

Negligence Actions

Mike operates the hydraulic press for a car manufacturing plant. The press has a history of malfunctioning. The press malfunctions and injures Mike. Although Mike suffers a work-related injury, he sues the manufacturer of the hydraulic press and collects damages. The manufacturer of the hydraulic press then sues the car manufacturing plant for allowing Mike to continue to operate an unsafe machine.

Since there was no contract requiring indemnification by Mike's employer, this is a negligence action and would be covered under the employer's Employers' Liability Insurance policy.

The CSR Support Cycle

Customer service representatives (CSRs) are vital to the insurance industry. Regardless of whether or not an insured is a potential or current client for an insurance company, CSRs provide critical service and support. CSR duties may vary from one company to another, however, the steps involved in placing insurance policies and supporting insureds remain the same. We refer to these steps as **The CSR Support Cycle**.

The CSR Support Cycle involves eight major steps:

1. Obtain Required Submission Information
2. Complete ACORD Forms
3. Send the Submission
4. Receive and Review Quotes
5. Create and Present the Proposal
6. Bind Coverage with the Insurance Company
7. Check the Policy
8. Support the Insured

Estimated Annual Payroll Figures

Annual payroll figures are key to understanding an insured's business operations and the size of their workforce. Insurance carriers require these figures to accurately calculate the policy premium. Since the policy will be providing coverage for a future period, it is necessary for an insured to provide their estimated annual payroll figures.

EXPOSURE - The state of being at risk to a loss or claim.

REMUNERATION - The total amount paid to employee for work performed.

CLASS CODE - A **four** digit number used to classify a specific job definition to help identify different workplace exposures.

OVERTIME - Occurs when an employee works more than a 40-hour workweek. The additional hours worked are paid at a rate of time and one-half (a.k.a time and a half) the employee's regular rate of pay.

GROSS WAGE - The total amount paid by an employer to an employee. It includes the employee's regular and overtime pay.

Collecting Estimated Annual Payroll Figures

Most often a document is sent to an insured to receive their estimated annual payroll figures.

Estimated annual payroll figures are broken down by class code. This allows insurance carriers to better understand an insured's business in more detail and the exposure for each job duty. A policy's premium will be lower if an insured's workforce is 90% clerical rather than 90% electrical.

The number of full and part-time employees is also important. Whether or not an insured has six full-time employees doing a job versus 12 part-time employees doing the same job impacts the policy premium.

Straight Time Wage

In the insurance industry, concern is mostly placed on an insured's level of exposure rather than the extra amount paid to an employee for overtime. This translates to insurance carriers wanting to know:

- How many hours were worked by an insured's employees (including overtime hours)
- Payroll estimates are based on regular pay rates NOT overtime pay rates

When these rules are used in calculating the estimated payroll figures for an employee, the outcome is considered the employee's straight time wage.

Calculating Straight Time Wage

An employee's straight time wage calculation involves taking their gross wage and reducing it down to what it would have been if only the regular pay rate had been applied. The amount of wage reduction for the calculation depends on the overtime rate used to calculate the gross wage for the employee:

- If the employee received **time and a half (1.5 X regular pay rate)**, then we must divide the employee's annual overtime pay by 1.5 and add the result to the regular time wages.
- If the employee received **double time (2 X regular pay rate)**, then we must divide the employee's annual overtime pay by 2 and add the result to the regular time wages.

Example:

Calculating Straight Time Wages

An employee's gross wages for the year was \$55,000. The employee's regular pay rate was \$20/hr., but was paid at time and a half for 500 overtime hours worked. What are the employee's straight-time wages?

Overtime Pay

First, calculate the employee's overtime pay rate.

\$20/hour X 1.5 (time and a half) = **\$30/hour**

Second, calculate the employee's total overtime pay for the year.

\$30/hr. x 500 overtime hrs. = **\$15,000**

Apply the Regular Pay Rate

Now that you know how much was paid for overtime, the next step is to determine how much would have been paid if only the regular pay rate was applied (remember, insurance carriers don't want overtime included in payroll.)

$\$15,000 / 1.5 \text{ (time and a half)} = \$10,000$

Reduction Amount - Calculate the Non-Included Overtime Pay Amount

The next step is to determine how much the overtime pay rate increased the employee's gross wage.

$\$15,000 - \$10,000 = \$5,000$

Calculate the Employee's Annual Straight Time Wages

The last step is to reduce the employee's annual gross wage by the amount it was increased due to overtime.

$\$55,000 - \$5,000 = \$50,000/\text{year}$

Summary

The employee's straight-time wage for the example is \$50,000 whereas the employee's gross wage is \$55,000. This small difference in calculating payroll makes a major impact on an insured's policy premium as the number of employees working for the insured increases.

Remuneration vs Payroll

Payroll (straight time wages) makes up the majority of the estimated 'payroll' figures, but it is more accurate to have an insured estimate their remuneration figures.

The following details what is and is not included in remuneration.

Remuneration (a.k.a. 'payroll') INCLUDES:

- Wages or salaries including retroactive wages or salaries (payroll)
- Total cash received by employees for commissions and draws against commissions
- Bonuses including stock bonus plans
- Extra pay for overtime work
- Pay for holidays, vacations, or sick days
- Annuity plans
- Payment or allowance for hand tools or power tools used by hand provided by employees used in their work or operations for the insured
- The rental value of an apartment or a house provided for an employee based on comparable accommodations
- The value of lodging, other than an apartment or a house, received by employees as part of their pay, to the extent shown in the insured's records

- The value of meals received by employees as part of their pay to the extent shown in the insured's records
- The value of store certificates, merchandise, credits, or any other substitutes used for money received by employees as part of their pay
- Payments for salary reduction, retirement, or cafeteria plans that are made through deductions from the employee's gross pay
- Davis-Bacon wages paid to employees or placed by an employer into third-party pension trusts
- Expense reimbursements to employees to the extent that an employer's records do not substantiate that the expense was incurred as a valid business expense
- Payment for the filming of commercials excluding subsequent residuals which are earned by the commercial's participant(s) each time the commercial appears in print or is broadcast
- Payment by an employer of amounts otherwise required by law to be paid by employees to statutory insurance or pension plans, such as the Federal Social Security Act

Remuneration (a.k.a. 'payroll') EXCLUDES:

- Tips and other gratuities received by employees
- Payment by an employer to group insurance or group pensions plans for employees
- The value of special rewards for individual invention or discovery
- Dismissal or severance payments except for time worked or for accrued vacation
- Payments for active military duty
- Employee discounts on goods purchased from the employee's employer
- Expense reimbursements to employees to the extent that an employer's records substantiate that the expense was incurred as a valid business expense
- Sick pay paid to an employee by a third party such as an insured's group insurance carrier that is paying disability income benefits to a disabled employee
- Supper money for late work
- Work uniform allowance
- Employer-provided perquisites ("perks") such as:
 1. An automobile.
 2. An airplane flight
 3. An incentive vacation (e.g., a contest winner)
 4. A discount on property or services.
 5. Club memberships
 6. Tickets to entertainment events
- Employer contributions to salary reduction, employee savings plans, retirement, or cafeteria plans - contributions made by the employer, at the employer's expense, that are

determined by the amount contributed by the employee.

Independent Contractors vs Employees

Estimated payroll figures are calculated with an insured's employees but do not include independent contractors. It is important to know the difference between employees and independent contractors so that estimated payroll figures are calculated accurately.

Independent Contractors VS Employees

An independent contractor is a natural person, business, or corporation that provides goods or services to another entity under terms specified in a contract or within a verbal agreement.

Unlike an employee, an independent contractor does not work regularly for an employer and is usually paid on a freelance basis. Independent contractors often work through a company or franchise, which they themselves own, or may work through an umbrella company.

Below are lists of helpful information to guide you and the insured in determining whether or not a worker should be classified as an independent contractor or employee.

The worker should be considered an **employee** if...

- The insured pays them and they do not have a license but are required to have one
- The insured supplies the tools, the work is performed on the insured's premises and at the direction of the insured
- They are paid through commissions, piecework, or by the hour

The worker should be considered an independent contractor if...

- They are paid on a 'by-the-job' basis
- They perform work in the same capacity for other businesses

Additional factors that may be considered depending on the issue(s) involved are:

- Whether or not the work is a part of the regular business of the principal or alleged employer
- The alleged employee's investment in the equipment or materials required by his or her task or his or her employment of helpers
- Whether the service rendered requires a special skill
- The alleged employee's opportunity for profit or loss depending on his or her managerial skill
- The length of time for which the services are to be performed
- The degree of permanence of the working relationship

- Whether or not the parties believe they are creating an employer-employee relationship may have some bearing on the question, but is not determinative since this is a question of law based on objective tests.

Supplemental Applications

ACORD forms provide the majority of information needed for an insurance carrier to write a policy. However, insurance carriers may still require additional information regarding the insured's business operations as it relates to their industry. Supplemental applications are what provide this additional information to the insurance carriers.

Collecting Additional Information

When required by an insurance carrier, either the producer or the customer service representative will send a supplemental application to an insured for them to complete.

Sample Supplemental Application

Additional information that the insured may provide for a workers' compensation insurance policy include:

- Operations relevant to workers' compensation coverage
- Scope of work
- Safety procedures
- Hiring practices
- Payroll history
- Any other details not found on ACORD forms, but are necessary for the insurance company

Currently Valued Loss Run Reports

An insured's policy history is another critical piece of information an insurance carrier needs to accurately calculate a policy premium. A loss run report provides insurance carriers with an insured's specific policy period history. Insurance companies use loss run reports to better assess the risk of an insured and typically use the last five policy periods in their policy premium calculations.

A currently valued loss run report means the claims information has last been updated within 90 days of the policy's expiration. Otherwise, most insurance companies would not accept the loss run report.

Loss Run Report Terminology

PAID LOSSES - Losses paid to claimant during the reported period.

OUTSTANDING LOSSES - Losses reported to the insurer, but are still in the process of settlement.

INCURRED LOSSES = paid losses + outstanding losses

PERMANENT DISABILITY - A class of workers compensation disability in which the injured employee is incapable of ever working again at any employment. Under most statutes, the employee will receive weekly wages for life.

VOCATIONAL REHAB - Part of the rehabilitation process which focuses on restoring a person's physical and/or mental work performance capacity.

EXPENSE - The cost of operating the insurance business exclusive of losses or claims.

RECOVERY - The amount paid by an insurance company to cover an insured individual that is actually owed by another party. The insurance company will collect or 'recover' the debt owed by the other party after the fact.

AVERAGE WEEKLY WAGE - An employee's pre-injury earning capacity, based on earnings in the period directly preceding a work-related injury or illness. The formula for calculating AWW varies by state.

CLAIMANT - The covered person making the claim or responsible for a loss.

LITIGATED - The injured employee has hired an attorney to represent his / her interests on the workers' comp claim.

OPEN CLAIM - A claim that has not been settled and/or on which payments are still being made.

CLOSED CLAIM - A claim that has been settled.

INCEPTION DATE - The start of an insurance policy.

EXPIRATION DATE - The end of an insurance policy.

DISABILITY - A status for a claim where it was necessary for an injured employee to recuperate away from work.

NON-DISABILITY - A status for a claim where an injured employee required medical treatment but did not have to miss any work time.

PAID COMPENSATION - Payments made for the employee's lost wages for a claim.

PAID MEDICAL - Payments made for the medical treatment of the injured employee.

GOVERNING CLASS CODE - The classification code (other than a standard exception) that best describes the workers compensation exposure of an employer's business, as determined by majority of payroll.

VALUATION DATE - The cutoff date for adjustments made to paid claims and reserve estimates in a loss runs report.

LOSS RUN REPORT - An insured's reported claims history for a specific policy period.

CLAIM NUMBER - A unique identifier that attaches an insurance claim / loss to a specific worker.

Requesting Loss Run Reports

Loss run reports must be requested from the insurance carriers who wrote each of the insured's policies over the last five policy periods (if applicable).

Sample Loss Run Request Letter

In order to release the information, the insurance carriers need to receive an agent of service authorization letter from the insured. The letter provides permission for the insurance carrier to release the insured's loss run data, most often, to the insured's current agent of record (you).

The insurance policy carrier is bound by law to provide the loss run report within a certain period of time (dependent on the state). This is state-regulated to ensure that the insured has the freedom to shop for more affordable insurance policies.

Loss Run Tutorial

Click on each of the markers to review the terms that can be found on a loss run report.

Claim Number

A unique identifier that attaches an insurance claim / loss to a specific worker.

Valuation Date

The cutoff date for adjustments made to paid claims and reserve estimates in a loss report.

The valuation date must be within 60 to 90 days prior to the policy period's expiration date in order for an insurance carrier to accept it.

Policy Number

A unique identifier that attaches an insurance policy to a specific individual or organization.

Policy Period

The specific segment of time the insured is/was covered by an insurance policy.

Date of Injury

The date on which the claimant was injured.

Date Reported to Carrier

The date on which the insurance carrier was informed of the claim / loss.

Close Date

The date on which the claim was closed with all benefits no longer available to the claimant.

In Litigation

Answered with a 'YES or NO', it lets insurance carriers know whether or not the claimant hired an attorney to represent his / her interests for the claim.

Nature of Injury

Provides the appropriate injury code for the claimant.

Body Part

Details the area(s) on the body where the injury took place.

Cause

Provides context for how the claimant was injured.

Accident Description

Provides details regarding the claimant's on-the-job actions resulting in the injury

Claim Number

A unique identifier that attaches an insurance claim / loss to a specific worker.

Claimant Name

The name of the injured worker.

Claim Status

Determines whether or not the claim has been settled and / or if payments are still being made.

Total Incurred

The amount of losses paid and reserved for the claimant during the reported period.

Reserved

Losses paid set aside for claimant during the reported period.

Paid

Losses paid to claimant during the reported period.

Medical

The necessary medical costs to treat the claimant.

Indemnity

Payments made for the employee's lost wages due to the injury.

Rehab

Physical rehabilitation costs and any associated expenses incurred by the claimant.

Subrogation

The amount recovered from another insurance carrier to fully or partially cover the claim.

Loss Adjustment Expense

The cost of operating the insurance business exclusive of losses or claims.

Insured

The individual or company assigned the insurance policy coverage.

Valuation Date

The cutoff date for adjustments made to paid claims and reserve estimates in a loss report.

The valuation date must be within 60 to 90 days prior to the policy period's expiration date in order for an insurance carrier to accept it.

Understanding Experience Mods

Experience Mods (X-Mods) are rating factors used to compare an insured's claim and payroll history against other employers with similar operations. Insurance companies use it as an indicator to determine how well the insured manages the risks correlated to what they do. Depending on the rating, X-Mods adjust the insured's policy premium positively or negatively. Another way of looking at it, X-Mods are an incentive for insureds to create better working environments to lower or completely avoid employee-related injuries.

Understanding Experience Modification Rates

EMR calculations include an insured's payroll and loss history. The experience rating period used in X-Mod calculations generally consists of three full years, ending one year prior to the effective date of the modification. Payroll and losses from the most recent year are not considered to be credible for rating purposes and are not used in rating calculations.

Example

If the experience modification is effective January 1, 2022, the experience modifier will reflect payroll and loss experience between January 1, 2020, and January 1, 2021.

Below are flashcards showing you how to interpret the different experience modification ratings insureds can have.

EMR greater than 1.0 - The insured's losses are worse than average

EMI equal to 1.0 - The insured's losses are average

EMR less than 1.0 - The insured's losses are better than average

Obtaining Experience Modification Ratings

An insured's EMR can be obtained from **two** possible sources: an X-Mod history report or an X-Mod worksheet.

X-Mod History Report

Most insurance agencies or companies provide customer service representatives access to a system to look up an applicant's EMR. If this applies to you, ask a supervisor to better understand how to pull this information.

X-Mod Worksheet

The National Council on Compensation Insurance (NCCI) is the bureau specializing in workers' compensation. Most states follow the NCCI standard for X-Mod rating calculations; however, other states (such as California) do not.

Resources

Below are links to the different bureaus and boards regulating workers' compensation experience modification ratings in the United States. We recommend bookmarking the website which applies to you for future needs.

NCCI

All states not listed below can use this website to receive an applicant's EMR.

[ncci website](#)

California

Workers Compensation Insurance Rating Bureau of California (WCIRB)

[wcirb website](#)

Delaware and Pennsylvania

Both share a unique non-NCCI classification system. Delaware Compensation Rating Bureau (DCRB) and Pennsylvania Compensation Rating Bureau (PCRB)

[PCRB Website](#)

Indiana

Indiana Compensation Rating Bureau (ICRB)

[ICRB Website](#)

Massachusetts

Workers' Compensation Rating and Inspection Bureau

[WCRIB Website](#)

Michigan

Compensation Advisory Organization of Michigan (CAOM)

[CAOM Website](#)

Minnesota

Minnesota Dept. of Labor & Industry (MDLI)

[MDLI website](#)

New Jersey

New Jersey Compensation Rating & Inspection Bureau (NJCRIB)

[NJCRIB website](#)

New York

New Your Compensation Insurance Rating Board (NYCIRB)

[NYCIRB website](#)

North Carolina

North Carolina Rate Bureau (NCRB)

[NCRB website](#)

Wisconsin

Wisconsin Compensation Rating Bureau (WCRB)

[WCRB website](#)

ACORD Forms Overview

As previously stated in the *General Education* course, ACORD forms are universally recognized documents and most, if not all, insurance carriers require these forms in order for a quote to be processed. In most cases when placing workers' compensation insurance, two completed ACORD forms must be provided to an insurance carrier: **ACORD 125** and **ACORD 130**.

ACORD 125

Considered to be the foundation of all commercial applications, this document provides detailed information regarding the insured.

Workers' Compensation and Professional Liability insurance do not require this form for a commercial submission. Regardless, it is most often included in these coverage lines' submissions since it contains information not duplicated on any other ACORD commercial application forms.

ACORD 130

Specific to placing workers' compensation insurance, this document details an insured's payroll, loss history, and other necessary business operations.

This form is a self-contained Commercial Lines application that does not require the completion of the ACORD 125. Though it may not require the ACORD 125, most often both forms are appended together. The Workers Compensation Application provides for workers' compensation, employer's liability, and voluntary compensation coverage.

Agency Name and Address 1

Some insurance agency's management systems (AMS) may automatically fill out this section. If not, you will be required to manually input **y**our agency's information**** in this section.

Agency Name 2

This information will be used to communicate but also will be used to appoint the agency of record or agent of record and, among other things, that's who gets paid the commissions!

Applicant Name

In this top section, only list the entity or person who is to be the first named insured. The first named insured is the one who has the power to make changes and surrender the policy.

Applicant Information Section

This section's information can be found from the applicant's **Supplemental Application(s)**.

The insurance carriers need the following fields to be completed in order to process a quote:

- APPLICANT NAME
- OFFICE PHONE
- YEARS IN BUSINESS

- MAILING ADDRESS
- Applicant Entity Classification (*sole proprietor, corporation, llc, etc.*)
- ID NUMBER (if applicant is registered with any mandated state boards)
- FEDERAL EMPLOYER ID NUMBER (EIN)

The other fields on this form are rarely used and will not be necessary the majority of the time. It's best to ask for a supervisor's help if these situations occur.

Years in Business

From the insurance company's perspective, a company that has been in business a longer period of time presents more predictable losses in the future. So an applicant that has been in business longer, say, over 5 years, may benefit from a better premium than a new business – assuming losses haven't been out of the ordinary during that time.

Website

Underwriters routinely check applicant and insured websites to assure that the information provided in the application is consistent with the type of business that the applicant is stating on the policy. For example, if an applicant states on the ACORD forms that it only constructs one story buildings, but advertising on the website that "no job is too big!" the underwriter will be on alert that something isn't right. Be sure that the applicant is providing consistent information across all materials and documents!

Status of Submission

Once this ACORD form and any other forms are completed, the next step in the insurance placement process is sending a submission. The submission is requesting for an insurance policy quote for the applicant. With this in mind, the vast majority of the time you will mark the **QUOTE** box in this section.

Billing Plan

Unless otherwise instructed by your insurance agency, always select **DIRECT BILL**. This instructs the insurance carrier to bill the applicant for the insurance premium rather than the insurance agency.

Payment Plan

The applicant may stipulate their desired payment plan; however, it is often the insurance carrier who determines this via their policy quote. If the applicant does not provide you with this information, ask your insurance agency which payment plan they wish for you to choose prior to receiving the policy quote. If they'd like to see a monthly plan, select the plain box and type in **MONTHLY** to its right.

Audit (a.k.a. 'self-audit')

Also refers to how often the insured's monthly reporting will occur. Select the option which matches the insured's Payment Plan.

Example: Monthly Payment Plan should have a Monthly Audit

Locations

This section's information can be found from the applicant's **Supplemental Application(s)**.

Enter the applicant's location information here. Repeat until you have recorded all the applicant's business locations.

Location Information

For each location, list the street address, just as you did on the ACORD 125 form. The underwriter may access Google Earth or a similar program to confirm information regarding the location.

You may also want to add a short description of the use of each location. This may help the underwriter in the decision on acceptance and premium. Remember, you cannot give too much information, only too little.

Highest Floor

In Workers Compensation, falls from heights are responsible for 40% of Workers compensation injuries in fall cases and about 10% of fatalities. And, of course, the taller the structure, the higher the potential for a serious or fatal fall, if even just down steps. So, higher structures may result in higher premiums.

Policy Information

This section's information can be found from the applicant's **Loss Run Report(s)**.

Enter the proposed effective date / expiration date. Note that 99% of the time the expiration date will be one year after the effective date.

Participating vs. Non-Participating

Always select **NON-PARTICIPATING** as not all insurance carriers have a dividend plan (a.k.a. participating plan). If they do not provide a dividend plan and you select **PARTICIPATING**, you might not receive policy quotes from certain carriers.

Confirmed States

Enter in the states which the applicant is confirmed to be working in. The premium will be based on this information primarily.

Employer's Liability

This is the amount of coverage the applicant will receive in the event of a 'Loss' (a case where insurance coverage is needed). Always **ASSESS THE RISK** for each applicant respectively as coverage needs vary immensely.

Potential States

A list of states can be provided to activate coverage for unknown or unexpected operations that could develop during the policy period. States can be listed by name or by designation.

Practically speaking, this will allow the insured to work in those states without notifying the insurance company, although the premium will still be adjusted during the audit.

Contact Information

If you fill out the Acord 125 for the same applicant then you do not need to fill out this section. If you are submitting Form 130 without appending Acord 125, you must then fill out this section with the applicant's contact information.

Individuals Included / Excluded

Enter in owners of the business here with the following,

- State
- Location #
- Name

- Title / Relationship
- Ownership %
- Included / Excluded
- Remuneration / Payroll

For the majority of situations you will want to enter **INC** so that the owners are covered in the event of a loss.

CAUTION! If you enter **EXC**, have the applicant submit to you a signed confirmation that their current health insurance covers him/her in the event of a loss. Some health insurances do not cover individuals for a loss if he /she had the option to be covered by Workers' Compensation insurance coverage. Be careful!

Rating Information

Here you will enter what each location actually does via classification codes.

The following information is required,

- Location #
- Categories, Duties, Classifications
- Employees #

TIP! If this applicant separates their payroll based on the different duties in their company, create separate line items for each duty with its respective class codes. This will help you get a lower rate! If you only input one category, it will automatically be grouped under the highest class code / rate.

For example: Instead of just writing HVAC, you might be able to separate this into these different categories,

- HVAC Installation
- HVAC Service / Repair
- Clerical
- Retail Sales

**NCCI Workers' Compensation SCOPES manual can be purchased which provides you with the different class codes for each industry.*

Experience or Merit Modification (X-Mod)

Number given to the applicant by NCCI based on their loss history. Must have three years of Workers' Compensation experience with a premium over \$3,000.

- A good modifier is less than 1
- A bad modifier is more than 1

Prior Carrier Information / Loss History

All fields are necessary to complete in this section.

Any claims that were filed will likely affect the experience modifier on this quote, causing a higher premium.

Nature of Business / Description of Operations

This section is necessary to fill out if you **did not** fill out ACORD 125 and will be submitting this form independently.

Otherwise you can skip this section.

General Information

Read each question and provide an explanation to any which apply to your applicant. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

GI 1

The answer to this question probably will have little to no impact on the premium quote unless workers are specifically working on or in the water or aircraft. In that case, they should have been listed as such in the State Rating Worksheet earlier.

GI 2

This question raises two potential issues. First, if these activities are currently engaged in, this increases the risk of worker injury and will likely result in a higher premium. Second, if these have been engaged in in the past, since the Workers Compensation policy in effect when a disease due to a prolonged exposure is discovered is the responsible policy, the new insurance carrier may be responsible for these past actions. Again, a "yes" answer will likely increase the premium. In some cases, the carrier may decline to provide a quote if the risk is judged significant.

GI 3

As noted earlier, many Workers Compensation injuries occur due to falls from heights. If work is performed above 15 feet, the risk increases and so will the premium. Underground work also increases risks (and premiums) due to potential collapse. Again, if the answer is yes, this may be cause for the company to decline to issue a quote.

GI 4

The main reason this question is asked is to identify water exposures. If all work is done on barges, vessels, etc, in dry dock, there shouldn't be an impact on premium. But when work is done in and around water, the risk of drowning and other injuries is introduced so the premium will increase to reflect that.

GI 5

Workers Compensation covers the injured employee regardless of the cause and fault. It is important for the insurance company to be aware of any and all activities that might not be reflected elsewhere on the application. The answer to this question may affect premium and increase the likelihood of rejection depending on the activity itself.

GI 6

Even though subcontractors may not be employees as defined by Workers Compensation, use of subcontractors can provide situations in which an Employers Liability claim will arise. Occasional use of subcontractors is often expected and will not change the premium. But if subcontractors are used extensively, this increased risk will not show up in the payroll figures and may be reflected in a higher premium.

GI 7

Providing a COI is standard practice and should be followed. A COI will provide proof of current insurance with the necessary limits. Not requiring a COI and, simply taking the subcontractor's word for it, is riskier and will result in additional premium charged. Again, the primary risk is for Employers Liability.

GI 8

If the applicant does not have a handbook or other formal, written procedures for safety and security, you might recommend that they do so. Underwriters look at this question closely, in part, as an indication of how seriously the proposed insured takes safety and security.

GI 9

This question does not necessarily mean groups of non-employees, but groups of employees, such as busing them to a jobsite. When multiple employees are together regularly, an accident

can cause many Workers Compensation claims at once. A “yes” answer may cause an increase in the premium due to this increased risk.

GI 10

Workers Compensation policies pay for work-related disabilities as long as those disabilities last. A younger worker is more likely to receive Workers Compensation benefits for a longer period of time. Conversely, older workers are naturally more prone to injury and disease. Both present a higher risk of claims to the insurance company. However, unless the percentage of older or younger workers is statistically significant, it will probably make no real difference in premiums.

GI 11

Seasonal employees present two issues. First, in some states, coverage under Workers Compensation is not required. If seasonal employees are not included, they may still try to claim Workers Compensation in the case of an injury, which can cause difficulty for both the insured and the insurance company. Second, seasonal employees may not be listed on the State Rating Worksheet, which means the insurance company will be providing coverage without charging the adequate premium (although it would be charged at the audit). Answering “yes” may result in a higher premium and will likely cause some follow-up questions.

GI 12

Volunteers are generally excluded from Workers' Compensation coverage, but, like seasonal workers, they may believe they should be covered and still attempt to file a Workers' Compensation claim. This could result in litigation which increases costs.

GI 13

Depending on the physical handicap, the risk of further injury may increase and, as such, so will the premium.

GI 14

This question is attempting to identify if the applicant is working or likely to be working in states other than those listed in 3A (or 3C). If the answer is “yes” the insurance company may require additional coverage states be listed which may cause additional premium. An occasional out-of-state business trip will not affect premiums.

GI 15

Workers Compensation covers injuries and disease that are incurred, generally, within the scope of employment. As you learned that term is defined differently in different jurisdictions.

The likelihood of someone being injured is greater in a sporting event than in non-dangerous pursuits. There are situations in which employees engaging in insured-sponsored sports contests will be considered within the scope of employment. A "yes" answer might cause an increase in premium depending on the frequency and nature of the activity as well as whether attendance is required.

GI 16

The risk for the insurance company is reduced if an employee is deemed "healthy" and "fit" when hired. This potentially avoids any unknown or unstated health issues that may contribute to an injury later. Likewise, since the current Workers Compensation company is responsible for previously undiscovered work-related diseases, a physical exam may uncover those meaning they would be covered by the previous company. In reality, few employers require physical exams so answering "no" is the standard answer and will not affect premium. If the answer is yes, the insurance company may elect to reflect that fact favorably in the premium.

General Information (Continued)

Read each question and provide an explanation to any which apply to your applicant. If any do apply, mark it with a "Y" in the respective right-hand section. If any of these do not apply, no explanation is necessary and you will mark it with a "N".

GI 17

There are economies of scale for the insurance company when an insured has more than one policy with the same company. In addition, the insured is less likely to change insurance companies when multiple policies are involved. The answer to this question will not increase premium. It may serve it decrease it slightly, though, as sort of a multi-line discount.

GI 18

(Missouri Applicants - Do not answer this question). If an applicant has been cancelled, declined or non-renewed, this may cause an increase in premium or, in many cases, a total rejection. Most insurance companies do not want to take on clients that were unacceptable to others. However, if the applicant was denied coverage, unless the reason was related to losses or misconduct, the premium will not be affected. It is quite common that commercial insurance carriers decline to issue quotes on different industries.

GI 19

If health insurance is offered/provided, it will likely include wellness and other care. These services make it less likely that a serious, chronic disease arises which could be a significant claim against the Workers Compensation insurance company. In addition, regular health care can identify issues that may increase the risk of injury later, such as early Parkinson's Disease. Whether this answer will impact premium depends on the insurance company, but a 'no' answer presents the larger risk to the insurer.

GI 20

This can cause issues over which Workers Compensation policy should cover the employee. A "yes" will not likely change the premium but will probably cause additional questions from the underwriter.

GI 22

Believe it or not, some states treat employees who work from home as "within the scope of employment" for much or all of the workday. This means that an injury that occurs at a place which the insured has no control over, can cause a Workers Compensation claim. The more people who work from home, the greater the risk of one of these claims, so the premium may reflect that increased risk.

GI 23

This question has little (or nothing) to do with the Workers Compensation policy and will not affect the premium. It is asked to determine whether the applicant is likely to pay the premiums as agreed. A "yes" presents a significant possibility that the application will be rejected, absent a good reason.

GI 24

This question is also asked to determine the likelihood that the applicant will pay the required premiums. A "yes" presents a significant possibility that the application will be rejected, absent a good reason.

Sending the Submission

A submission is a specific collection of documents provided to an insurance company which enables them to evaluate an insured's exposures and determine the appropriate price and coverage terms for them. It is important that the submission is both accurate and complete. Submissions can be sent via fax, email, or online.

The submission includes **four** types of documents:

- Estimated Annual Payroll Figures
- Supplemental Applications
- Currently Valued Loss Run Reports
- Completed ACORD Forms

Reviewing Quotes

Quotes provide an accurate summary of pricing and coverage that an insurance company is willing to offer a potential insured. Most often, underwriters issue quotes and forward them to customer service representatives 14 to 30 days before the insured's policy expiration date. When available, quotes can be received via email or through an insurance carrier's online system.

BASE RATE - A rate the insurance carrier has filed with the state for a class code that is the starting point for premium calculations.

NOTE: *Workers' Compensation base rates are multiplied against 'per \$100 of payroll'*

MANUAL PREMIUM: = class code base rate X remuneration / 100

NET RATE (*a.k.a. 'final billing rate'*) : The ultimate rate per class code after all debits and credits have been applied.

WAIVER OF SUBROGATION: A contractual provision where one party agrees to waive its right to pursue the other party in the case of a loss.

EXPERIENCE MODIFIER: A rating factor used to compare an insured's claim and payroll history against other employers with similar operations. Used to adjust the premium for an applicant positively or negatively.

SCHEDULED RATING: Credit or debits an insurer may offer depending on the safety practices and claims history of an insured.

PREMIUM DISCOUNT: A percentage discount dependent on the insured's Total Standard Premium. Only policies which have exceeded state-standard minimum levels are eligible.

EXPENSE CONSTANT: A policy administration fee to cover the costs incurred by the insurance company.

TERRORISM = remuneration / 100 X state terrorism factor

ASSESSMENT: Additional charges for the policy as mandated by the state.

PAYROLL REPORTING: The payment plan assigned to the insured for the policy term.

ESTIMATED MODIFIED PREMIUM: = estimated manual premium X experience modification rating

MINIMUM PREMIUM: The smallest acceptable **premium** for which an insurance company will write a policy.

INTERIM BILLING RATE: The rate after all credits and debits without factoring in the experience modifier.

NOTE: *This term will only be found in quotes received by state fund insurance providers.*

Reviewing Quotes

It is important for a customer service representative to confirm the following when reviewing quotes received from the insurance carriers:

A - Estimated payroll figures should stay constant across all policy quotes and reflect the estimated annual payroll figures for each class code provided by the insured.

B - Net rates are provided by the insurance carrier and should be compared against other policy quotes. Lower net rates will save the insured more money.

C - X-Mod Rating should be constant across all policy quotes you receive - other factors may vary.

D - Some policies require an initial deposit. Depending on the insured, these upfront deposits could have a large influence on which policy the insured chooses to purchase.

E - Ensure the payment plan reflects what the insured stated in the supplemental application.

Elements of a Workers Compensation Quote:

Name Insured

The employer for which the policy quote would be providing workers' compensation coverage should they accept the quote.

Inception Date

The start of the insurance policy's coverage should the employer accept the quote.

Class Code

A four digit number used to classify a specific job definition to help identify different workplace exposures.

Remuneration

The total amount paid for work or service done and is used to determine the amount of exposure when calculating the policy premium.

Base Rate

A filed rate for a class code that is the starting point for premium calculations.

Net Rate

The rate at which the applicant will pay in each 'class code'.

Total Manual Premium

= class code base rates X remunerations / 100

Rating Factors

These factors will positively or negatively impact the policy's premium.

Rating factors include:

- Waiver of Subrogation Surcharge
- Experience Modification Rate
- Schedule Rating
- Premium Discount

Deposit

The amount required upfront by the insurance carrier for the policy.

Assessment

Additional charges for the policy as mandated by the state.

Create and Present the Proposal

After receiving and reviewing the released quotes from the insurance companies, select the quote with the best pricing and coverage for your proposal.

Creating the Proposal

Every insurance proposal is structured differently; however, the following should be included in each one:

- Details for what is covered and excluded
- Pricing breakdown for the needed coverage
- Explanation regarding the payment terms
- Signed paperwork from the insured

Present the Proposal

Most often proposals should be presented to the insured in person by the producer. If this is not possible, proposals can be sent to the insured via email or mail. Proposals not presented in person should still be discussed verbally with the insured.

The videos below provide an example of how a producer might explain the components of a Pollution Insurance proposal to an insured.

Coverage Terms

Elements of a Proposal:

Policy Term (Policy Period)

The policy period is the time during which the insurance is enforced.

Insurance Carrier

The Insurance Carrier is the company with whom the insured's insurance is placed. This placement is based on the type of coverage as well as the amount of coverage needed by the insured.

AM Best Rating

AM Best is the premier independent rating agency for insurance companies basing their rating on the financial strength of the company and their ability to pay claims.

Named Insured

The name listed in this section is generally the first named insured. This is important for the company because the power to make changes to the policy and ability to receive statements and information about the policy always rests with the first named insured

Location

The location listed here is shows where correspondence will be sent.

States Excluded

Each of these states has a special type of workers' compensation system that requires you to purchase your insurance from the state rather than an individual insurance company.

Limits (1)

You might notice that there is no limit listed for workers' compensation. Workers' compensation awards are fixed by state law and your policy will pay any and all claims required by that state's law.

Limits (2)

If you are the subject of an employers' liability claim, the policy will provide up to \$1,000,000 for each accident. If the claim is the result of an employee contracting a disease rather than an accident, the policy will provide up to a total of \$1,000,000 of coverage.

Limits (3)

These limits apply to all claimants as a group. If only one claim is filed, that claimant could receive as much as \$1,000,000. If more than one claimant is involved, they would split up to \$1,000,000.

Cancellation

The insurance company can only cancel for two reasons; nonpayment of premium, or at a policy anniversary, they can choose to non-renew the policy, called a non-renewal.

If you do not pay your premium, the company will give you at least 10 days' notice of the cancellation. If the company decides not to renew your policy at a policy anniversary, they will give you at least 30 days' notice. These are to allow you time to find a replacement policy before your coverage ceases.

Owners and Officers

Workers' compensation premiums and damage awards are based, in part, on the employee's (or, in this case, the officer's) compensation. Regardless of the actual compensation, if you or another officer is injured within the scope of employment and entitled to workers' compensation payments, the policy will assume a minimum compensation of \$54,600 for each officer and a maximum of \$139,100 for each officer in determining benefit payments.

Time Cards

The section on "Time Cards" simply states that during an audit, you should be able to produce time cards or other records so that the insurance company can determine the correct premium adjustments. If you don't have those records, the insurance company may assume all work was done at the highest risk class, meaning the highest premium will be charged.

Included Officers

Officers that own at least 10% of the issued and outstanding stock of a corporation can exclude themselves from WC insurance. However, since these three are included, each of them is also eligible for benefits in the case of an injury or disease contracted within the scope of employment.

Calculating Net Rates

Not all the policy quotes provided by the insurance carriers will include net rates. Understanding how to calculate net rates is important. Net rates are included in policy proposals as they allow the insured to compare their policy quotes from different carriers, or from one year to the next, and reflect the actual rate per \$100 in payroll the insured will be charged.

Here is a step-by-step for calculating net rates.

A - Multiply all ratings against each other to get your 'combined rate'

B - For each class code, multiply the 'base rate' by the 'combined rate'

C - The result is each class code's '**Net Rate**'

Example - Class Code 5538:

(1.02** X 1.04 X 1.00 X 0.9228**)** X 17.39 = 17.02**

Binding Coverage with the Insurance Company

Binding coverage means that an applicant has agreed to an insurance company's quote and is requesting that the coverage begins on the policy's effective date. This request to bind coverage is referred to as a bind order.

Bind Order

Insurance carriers require customer service representatives to submit bind orders in writing. Bind orders can be submitted via mail, email, fax or through an insurance carrier's online system (if available).

Bind orders must include:

- Signed ACORD 130 form
- Signed supplemental application(s)
- A copy of the deposit check
- Subjectivities (*other forms as required by the insurance carrier*)

Policy Checking

The insurance carrier will issue the policy within two to four weeks after coverage is bound. In most situations, the customer service representative will be sent the policy before it is sent to the insured. It is critical to check the policy for accuracy and resolve any discrepancies with the insurance carrier prior to sending the policy to the insured.

Policy checking involves reviewing the three documents that should contain identical information:

1. The **QUOTE**, including revisions, provided by the insurance carrier
2. The **PROPOSAL** provided to the insured
3. The **POLICY** being issued

Policy Checklist

We recommend customer service representatives obtain a standard policy checklist from their supervisor to ensure consistency and accuracy. Should there be any discrepancies between the documents, it serves as an excellent resource for explaining the issues to others. This in turn results in quicker resolutions.

Understanding the Monthly Payroll Report

A monthly payroll report is a document sent by the insurance carrier to the insured requesting the insured to calculate their monthly premium and provide payment upon submission. The payroll report's frequency actually depends on the agreed-upon policy payment plan for the insured; however, monthly policy payment plans are the most common in the industry.

Understanding a Monthly Payroll Report

Sometimes an insured asks for a customer service representative's assistance when completing the monthly payroll report. Below is an example monthly payroll report and how to understand its contents:

A - Class Code: This information can be found in the insurance policy quote and pertains to the various job duties the insured has exposure to.

B - Classification Description: A specific description to help clarify the job duties the class codes reference.

C - Actual Payroll: Also known as gross payroll (total employee wages before taxes and other deductions). Totals are for the reporting period in each appropriate class code.

D - Net Rate: Determined via the policy quote for each class code. It is the amount the insured is being charged per one hundred dollars of payroll/remuneration.

E - Premium by Class Code: The cost for the insured per class code for the reporting period.

F - Monthly Premium Due to Insurance Carrier: The final monthly premium (cost) the insured owes to the insurance carrier for their insurance policy.

The Claims Process

If an employee experiences a work-related injury or illness, a claim must be filed with the insurance policy's carrier. In order for a workers' compensation claim to be properly filed, the

insured must follow a **six-step** claims submission process.

Claims Submission Process

Below is the full claims submission process an insured must go through to accurately process a claim.

The employee notifies insured of the work-related injury or illness.

The insured provides the injured or ill employee with a workers' compensation claim form **within one working day** after the work-related injury or illness is reported.

Once the employee fills out the appropriate section on the form, the insured completes their section and returns a copy of the completed form to the injured or ill employee **within one working day**.

If the injured or ill employee is covered by a medical provider network (MPN), the employee must be notified by the insured of this coverage and a medical evaluation scheduled with a MPN physician. If the injured or ill employee is not covered by a MPN, typically the insured must select a primary treating physician (PTP) the employee will see for the first 30 days who will be responsible for treatment. After 30 days, the employee might have the option to switch to the physician of their choice.

What is a medical provider network (MPN)?

A group of health care providers an insured's insurance carrier has collected and approved with the Department of Workers' Compensation's administrative director to treat the covered employee. All medical needs for an injured or ill employee will be treated by doctors in the network.

The insured forwards the completed claim form to the insurance company along with any additional required forms as mandated by state law (such as this Report of Occupational Injury or Illness for California shown to the right) **within one working day** of the claim form receipt.

The primary treating physician (PTP) sends a report regarding the employee's medical condition to the claims administrator. The report will specify if there any work restrictions imposed on the employee and, if so, when it is appropriate to assign transitional or 'light-duty' work to the recovering employee.

Calculating a Short Rate Cancellation Penalty

A short-rate cancellation penalty discourages an insured from canceling their insurance policy prior to the expiration date. If an insured does cancel, a penalty fee is applied.

Short Rate Table

An insurance carrier may have a table with short rates included in their policy documents. Short rates dictate the percentage of the annual premium the insurance carrier will keep based on the number of days since the policy's effective date. If the insured has already paid the entire premium, a refund is provided for the remainder.

EXAMPLE

An insured cancels their insurance policy 219 days after the policy's effective date. After the final audit, the carrier determines the earned premium was \$50,000.

What is the Short Rate Cancellation Penalty?

CALCULATIONS

Step 1 - Determine the annualized premium

Take the earned premium and multiply it by 365 and then divide the result by 219.

$$(\$50,000 \times 365) / 219 = \$83,333$$

Step 2 - Determine the premium kept by the carrier

Take the annualized premium and multiply it by the short rate. The short rate is found using the table to the left (for 219 days, it is 69%).

$$\$83,333 \times 0.69 = \$57,499$$

Step 3 - Determine the short rate cancellation penalty

Subtract the earned premium from the total amount the insurance carrier will keep.

$$\$57,499 - \$50,000 = \$7,499$$

Final Audits

Audits are performed to verify the insured's operations and to update their insurance policy with any changes. Audits have the potential to affect premium, experience modification, and classification rates.

Types of Final Audits

There are **two** types of Workers' Compensation audits:

Voluntary Audit

In this type of audit, the insurance carrier sends a 'Voluntary Audit Form' to the insured within 30 days of the policy expiration date. Usually sent via mail, the insured must complete the form

and return it to the insurance carrier quickly. The main focus of the audit is to determine the insured's **actual** payroll for each class code during the policy year.

Physical Audit

This type of audit is far more extensive and is conducted within 60 days after the policy expiration. An individual, known as an 'auditor', visits the insured's business location(s) and completes an audit within 30 days.

When an auditor is assigned, he/she will typically ask the insured for the following records:

- Federal Form 941
- Federal Form 940
- Federal Form W-2
- Federal Form W-3
- Federal Form 1099
- Federal tax return
- Unemployment returns
- Time cards
- Individual payroll records, with overtime broken out
- List of clerical employees and corporate officers
- General ledger, check register, and any cash disbursements
- Verifiable payroll breakdown
- Sales journal and cash receipts
- Certificates of Insurance for subcontractors used

Possible Final Audit Situations

Below are two situations that could arise from an insured being audited and how you can support them should they contact you for assistance.

Insured Disagrees with Outcome

In this case, the insured needs to submit a written and **signed** letter of dispute to the insurance company including:

- Name of business
- Policy number
- Phone number
- Email address
- Detailed description of the issues being disputed

The insured would still need to pay the undisputed portion of the final audit pending the resolution of the dispute.

Insured Does Not Comply with Audit

This situation is unfortunate and is beyond a customer service representative's ability to provide assistance. Below are a few of the possible outcomes:

- The insured's current policy might be canceled
- The insured's final audit premium could be increased
- The insured may no longer be eligible for experience modification

Common Final Audit Mistakes

An insured is an expert at their business, but typically not an expert when it comes to completing a final audit. Mistakes are sometimes made and below is a list of the most common ones.

- Insured's typically do not have the straight time wage of the overtime included for an audit. Having an insured correctly estimate the payroll figures by employee, job, and state worked in allows either the insured or the auditor to calculate the most accurate premium. Below is the lesson which includes how an insured can calculate their employees' straight time wages.
- Listing the officers named in corporate charter or articles of organization in the correct manner based on state rules is **critical**. The insured needs to list what each officer does and where they work so that they are properly classified.
- The insured should **never** split Class Code 8810 (clerical) and 8742 (sales) with other class codes. These class codes are standard exceptions and, in most of the United States, cannot be used with any other class code for an individual employee.
- It is best to use the exact policy period's total wages, **not** quarterly wages, when calculating total straight time wages.
- Information should be provided for an audit **AS SOON AS POSSIBLE** (within 90 days after the policy expiration). The insured should not conduct the audit too late as it can result in inaccurate data in the rating system.
- Each of the insured's employees **must** have their job duties defined accurately. Whether they work in an office or in a warehouse affects an employee's classification differently.
- Employees should **never** be classified incorrectly as this can drastically affect premiums, expected value of losses, and the insured's experience modification.

Errors & Omission Prevention

An errors & omission claim occurs when an insurance company is alleged by an insured to have made an error or omission resulting in the insured experiencing financial loss.

Below are tips for avoiding E&O claims related to workers' compensation

- Be aware of who is automatically covered by the workers' compensation law in a state. Common claims relate to the failure to cover sole proprietors, partners, officers, family members, or independent contractors. If an insured has opted out of coverage any of these (and it is allowed by statute), make sure it is properly documented that such coverage was offered and rejected.
- Understand why certain supplemental application questions are asked and how each question relates to workers' compensation coverage.
- Use an ACORD 130 form for all submissions and never sign an application on behalf of the insured.
- Never complete a workers' compensation application based on a previous year's application. The information should always be updated by the insured for the new policy period.
- Never assume what the insured's exposures are based on a class code.
- Investigate all of the insured's operating activities and employee locations including whether they are out of state or out of country. Many claims arise out of failing to obtain coverage for operations in states other than the insured's home state of operation.
- Delay informing the insured that coverage is bound until it has been verified with the insurance carrier. Carriers generally do not grant binding authority to brokers for workers' compensation policies.