

A M E R I C A N  
**HALLMARK**  
INSURANCE COMPANY

Tennessee

Manufactured Home Program

| New Business: 5/20/13

| Comprehensive

| Renewal Business: 7/19/13

| Broad



Service is our Hallmark.



## GENERAL RULES

The Manufactured Home program provides coverage under the forms and endorsements filed by the company. For coverage details, refer to the form. This manual contains rules governing the usage of forms and endorsements. The rules, forms, and endorsements filed by the Company for each coverage shall govern in all cases.

1. Application(s)	The agent's and applicant's signatures are required.
2. Limits	Dwellings valued between \$5,000-\$150,000 are eligible at New Business. Dwellings increasing in value beyond the program maximum, in keeping with inflation, will remain eligible at renewal.
3. Programs	The Comprehensive program is an all-peril product designed for owner occupied homes. Coverages are packaged. The Broad program is a named-peril product designed for seasonal or tenant occupied homes. Coverages are not packaged and may be selected independently.
4. Policy Term	The policy may be written for a term of 12 months.
5. Premium Determination	Premiums are calculated by using the Rate Order of Calculation table. Developed premium is rounded to the nearest whole dollar. For example: \$100.50 would be \$101.00 and \$100.49 would be \$100.00.
6. Cancellation Rule	No flat cancellation is allowed if coverage has been provided under our policy.
7. Document Retention	It is the agents' responsibility to secure the required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request.
8. Changes in Limits or Coverage	Changes requiring adjustments of premium shall be computed pro-rata. Return premium of amounts less than \$3 will be waived, unless requested by the insured.
9. Transfer or Assignment	Policies may not be transferred or assigned.
10. Fees	<ul style="list-style-type: none"> <li>• A \$30.00 Policy Fee will apply to all policies.</li> <li>• A \$30.00 Expense Constant will apply to all policies.</li> <li>• A \$30.00 NSF/Return Payment fee applies on all returned payment items.</li> <li>• A \$7.00 Late Fee applies if payment is made after the due date.</li> <li>• A \$7.00 Installment Fee will be added to all installments, but not the initial down payment.</li> <li>• In the event of a cancellation, the Policy Fee and Expense Constant are fully earned at New Business, pro-rata for Renewals.</li> </ul>
11. Payment Plans	All payment plans are direct bill. Policy premium for a term may be paid in full or through one of the Company's installment plans.
12. Insurance to Value	Dwellings must be insured to 100% of actual cash value. Dwellings eligible for Replacement Cost Loss Settlement must be insured to 100% of replacement cost value.
13. Consumer Reports	Reports may be ordered to verify consumer information; including, but not limited to, loss and financial history reports.
14. Claims History	<p>Any losses during the <i>experience period</i> that occurred under the named insured's prior insurance policy(ies), as well as under the current policy, will be considered in determining total <i>chargeable losses</i>. Total chargeable losses will be used in determining eligibility and rating.</p> <ul style="list-style-type: none"> <li>• Chargeable losses apply to all named insured's property policies, if applicable. <ul style="list-style-type: none"> <li>◦ Tenant-Occupied policies: chargeable losses are on location only, not named insured.</li> </ul> </li> <li>• Complete details regarding the loss are required: cause, location, date, and the amount paid.</li> </ul>
15. Property Inspections	<p>All dwellings require an inspection at new business and, at a minimum, every three (3) years thereafter.</p> <p>Inspections include:</p> <ul style="list-style-type: none"> <li>• Exterior review of dwelling and other structures. Photos required of dwelling showing all sides and any hazards.</li> </ul> <p>Refusal of an inspection will result in cancellation or non-renewal.</p>

## DEFINITIONS

1. Manufactured Home	A manufactured home is defined as a factory fabricated, transportable permanent housing unit built on a chassis. Designed to be used as a dwelling with or without a permanent foundation when connected to required utilities. It may be equipped with one or more room sections that fold, collapse, or telescope into the principal unit when being transported and which can be expanded at the site to provide additional living area.
2. Occupancy	<p><u>Owner</u> - The insured lives in the manufactured home a minimum of 5 consecutive months or more annually.</p> <p><u>Seasonal/Secondary Residence</u> - The home is not used as a primary residence, but rather occasionally for vacation or weekend purposes. Dwelling may not be rented to others.</p> <p><u>Tenant</u> - Unit is rented to others for monetary or other compensation. The mobile home must be rated based on the principal occupant. Coverage for any tenants is not provided.</p>
3. Other Structures	Structures on the dwelling premises which are not attached to the dwelling.
4. Supplemental Heating Device	Wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized.
5. In Park	A park is defined as a planned and named community of manufactured homes which has at least 25 occupied spaces; permanently installed water, electricity and sewage utility services; which are collectively managed; and whose residents recognize common bylaws or rules.
6. Out of Park	Manufactured homes not meeting the in park qualifications.
7. Actual Cash Value Loss Settlement	The cost to replace with new property of like kind and quality, less depreciation. Market Value and Land Value are not considered.
8. Replacement Cost Loss Settlement	The cost to replace the property on the same premises with other property of comparable material and quality used for the same purpose.
9. Experience Period	<p>Claims history will be reviewed for chargeable losses in the most recent five (5) years.</p> <ul style="list-style-type: none"> <li>For new policies, the experience period begins on the effective date of the policy.</li> <li>For renewal policies, the experience period will begin 45 days prior to the policy renewal effective date. <ul style="list-style-type: none"> <li>Claims occurring within the 45 days window will be considered at the next renewal.</li> </ul> </li> </ul>
10. Chargeable Loss	<p>A chargeable loss is a closed, paid claim incurred on any property and/or structure owned, rented, or leased by the applicant;</p> <ul style="list-style-type: none"> <li>not including losses on dwelling incurred by the prior owner, and</li> <li>not including losses paid under a prior policy excluded by current Hallmark policy (e.g. equipment breakdown, water backup), and</li> <li>not including Closed Without Payment (CWP) claims, and</li> <li>not including Weather losses incurred at a prior residence <ul style="list-style-type: none"> <li>Weather includes: Lightning, Windstorm, Hail, Earthquake, Landslide, Weight of Ice or Snow.</li> </ul> </li> </ul>
11. Age of Dwelling	The age of dwelling is determined by subtracting the construction year from policy effective year. For instance, a policy effective in 2010 for a dwelling constructed in 2000 is rated as a 10 year old dwelling.
12. Age of Insured	The age of insured is determined by subtracting the named insured's date of birth (DOB) from the policy effective date. For instance, an insured with a DOB of 9/1/1950 purchasing a policy effective 6/30/2010 is considered 59 years old.

## AGENCY COMPLIANCE & BINDING AUTHORITY

### AGENT'S OBLIGATION

It is the agent's obligation to field-underwrite every risk submitted to the Company. All questions on the application must be explained and the consequences of missing or incorrect information outlined in detail to the applicant.

Note: We may obtain underwriting reports on every risk. If any undisclosed claims are discovered, all applicable surcharges will be applied or discounts eliminated and the policy will be amended. A cancellation notice may be generated at the same time at our discretion.

### BINDING AND EFFECTIVE DATES

Producer must be properly appointed and issued a producer number prior to issuing any policies. Applications for coverage must be consistent with the written program guidelines and producer agreement. The down payment or full premium must accompany the application or endorsement. Applications and endorsements processed through the Point of Sale System (POS) will be bound effective the date and time assigned by the system.

Applications will not be accepted with a future effective date exceeding 60 days from the current date. Applications or endorsements may not be bound to cover a loss which occurred before the application is signed. No agent may back date an application, cancellation or change request for any reason. Back dating is defined as using any date other than the current date and time, or the date and time all binding requirements have been completed, whichever is later. No agent is authorized to issue verbal or written coverage binders.

### AGENCY FUNDS

Agency payments (made through agency sweep or any other means) that are returned from the bank unpaid must be replaced immediately. Recurring instances of dishonored payments could result in immediate cancellation of the agency contract.

### TEMPORARY BINDING RESTRICTIONS

The company will not accept applications or endorsements during the specific events outlined below, which represent an elevated exposure level to the company. Agents are responsible for enforcing these temporary binding restrictions, whether the company issues a bulletin or the system is modified to prevent binding.

No applications or endorsements may be bound during the following events:

Event	Binding Restriction Impacts	Binding Restriction in Effect Until:
Severe Weather Watch or Warning (Hurricane, Tornado, Hail, named storm, or similar)	Counties within 100 miles of the storm front.	The Watch or Warning has been lifted, plus 24 hours (1 day).
Wildfire	Counties within 30 miles of the active fire location.	The fire has been contained.
Earthquake or Aftershock (minimum 5.0 magnitude on Richter scale)	Counties within 100 miles of the epicenter.	The aftershocks have dissipated to below 5.0 magnitude, plus 72 hours (3 days).
State of Emergency or Declared Disaster Area	Counties included in the state of emergency or the declared disaster area.	The state of emergency or declared disaster area has been lifted, plus 24 hours (1 day).

- Applications with an effective date/postmark combination which violate the prohibitions listed above will be rejected and no coverage will have existed.
- Renewals of the company's expiring policies may be written in the normal manner providing there is no increase in exposure to the company.

## TRAILING DOCUMENTS

It is the agents' responsibility to secure required documentation upon binding and retain this information in the insured's file for a period of seven (7) years after the last policy renewal expiration date. Any and all documentation must be made available upon company request.

Required Documentation (within 10 days of effective date):

- Signed application;
- Signed restriction/reduction in coverage endorsements (if applicable);
- Proof of Updated Dwelling Systems (only if requested by Underwriting);
  - Documentation includes name of contractor/inspector, date of installation, type of work completed, and address of where work was performed.
  - Acceptable documentation includes:
    - Signed permit by Building Code inspector showing type of renovation and date completed; or
    - Dated copy of paid contract; or
    - Dated paid receipt from qualified contractor; or
    - Dated warranty indicating the system is under guarantee or warranty by qualified contractor.
  - Proof of updates are company submitted, not agent retained.

## ELIGIBILITY:

### UP TO 1 CHARGEABLE LOSS IN THE LAST THREE YEARS

- No fire or liability claims.
- All repairs from prior losses must be complete.

### UNINSURED PROPERTIES

- Risks uninsured for more than 60 days are not eligible.

### SWIMMING POOLS

- In-ground pools must have a fence at least four feet high with a locking gate that encloses the pool.
- Above-ground pools must have either a fence at least four feet high with a locking gate that encloses the pool, or steps and ladders that can be secured, locked, or removed when the pool is not in use.
- Properties with diving boards or pool slides are not acceptable.

### DWELLING SYSTEMS

Dwelling systems including Electrical, HVAC, Plumbing and Roof, must be properly maintained, in good working condition, and if applicable, meet local and state building code. The ACV Loss Settlement Endorsement and/or the Roof Exclusion Endorsement may be applied at new business or renewal if warranted by the condition of the dwelling. Proof of updates may be requested by Underwriting, see "Trailing Documents" section.

**Plumbing** – Fixtures and Components must be in good working condition; this includes the water heater(s) and tank(s) showing no signs of wear and tear.

- Acceptable Water Supply Plumbing: Copper, CPVC, and PEX. Cast iron and galvanized plumbing is ineligible.
- Acceptable Drain-Waste Plumbing: PVC, ABS, and Cast Iron.

**HVAC** – The burner, furnace, heating plant, heat exchanger, air conditioning compressor, or heat pump must be properly maintained and in good working condition.

The dwelling must have a central heating system that is:

- Thermostatically controlled;
- Resting on an incombustible base;
- Vented to a flue-lined chimney; if gas or fuel oil is used, a vent is acceptable; and
- All components must have been tested and approved by an independent testing agency, such as Underwriter's Laboratories (UL).

**Electrical** – Electrical service must be properly maintained, in good working condition, and able to allow a minimum of 100 amps of electricity to flow through without tripping.

- Ineligible systems: less than 100 amp service.
- Ineligible components: Federal Pacific Electric panels, Zinsco Electric panels, knob and tube wiring, and aluminum wiring.

**Roof** – The Roof System, including roof covering, underlayment, decking, and flashing must be properly maintained and in good working condition. Unacceptable roof conditions include, but are not limited to, showing signs of wear and tear, damaged or missing shingles, curling shingles, loss of granulation, warping, missing flashing, and accumulation of debris.

- Ineligible systems: Flat roof over any portion of dwelling.
- Ineligible components: Roll Roofing, Wood Shingles, Tile Shingles, Slate Shingles.

## ELIGIBILITY TIERS

In addition to the guidelines outlined above, risks will be placed into an underwriting tier and must meet the criteria listed to be eligible for coverage. A credit-based insurance score of the named insured will determine tier placement. The TransUnion Insurance Risk Score - Property Model will calculate the credit-based insurance score.

Eligibility Criteria	Tier 1	Tier 2
Underwriting Guidelines	Must meet all underwriting guidelines in addition to all criteria listed below.	
Credit-Based Insurance Score	Above threshold; Thin Hit; No Hit	At or Below threshold
Prior Claims History	No more than 1 claim in review period	Claims Free
Community Mitigation Classification (PPC)	1 - 10	1 - 5
Insurance to Value (ITV)	Insured to 100% of ITV, maximum value of \$150,000	Insured to 100% of ITV, maximum value of \$50,000
Deductible	Minimum \$250	Minimum \$1,000
Payment Plans	Paid-In-Full or Installment	Paid-In-Full
Age of Insured	Named Insured is 18 or older	Named Insured is 50 or older

## INELIGIBLE RISKS:

### APPLICANTS WITH THESE CHARACTERISTICS

- Currently unemployed, other than retired or disabled.
- Past felony conviction or any conviction for arson, fraud, or other insurance-related offenses.
- Applicant that has had two (2) or more losses in the last three (3) years or any fire or liability loss in the last five (5) years.
- Employees or family members of an employee of Hallmark Insurance Company or an affiliated company; or any agent, employee or family member of an agent.

### DWELLINGS WITH THESE CHARACTERISTICS

1. Commercially used manufactured homes or homes located on any commercial or business property.
2. Failure to maintain residence: condition of roof, tree trimming, updates, etc.
3. Vacant or abandoned homes.
4. Homes not connected to all necessary utilities such as gas, electric, and water.
5. More than five (5) acres of property or on a farm, orchard, or grove.
6. Dwellings with pre-existing or un-repaired damage.
7. Farming on premises.
8. Business exposure on premises including home daycare (does not include unpaid babysitting of relatives).
9. More than two (2) roomers, roommates, or boarders not related to the named insured.
10. Dwellings attached to or converted from a commercial risk.
11. Pool or spa on premises not enclosed by a fence and locking gate.
12. Properties with an excessive liability exposure such as a skateboard or bicycle ramp, diving board, or pool slide.
13. Dwellings with burn barrels or home incinerator within 100 yards.
14. Risks uninsured for greater than 60 days (other than new home).
15. In the name of a corporation (i.e. LLC, partnership, estate, or association).
16. Risks with open claims.
17. "Homemade Doublewides" - Separate manufactured homes joined together to form a multi-wide home.
18. Homes with more than one lien holder (includes land contracts).
19. On islands with no fire protection or in isolated areas not accessible by a road.
20. Park models, travel trailers and fifth-wheel trailers used as primary residences or for rental use.
21. Manufactured homes that do not meet minimum and maximum length by width requirements:

Symbol	Minimum Dimensions (l x w)	Maximum Dimensions (l x w)
Single Wide	32' x 10'	80' x 45'
Double Wide	32' x 24'	80' x 45'
Modular	32' x 24'	80' x 45'
Travel / 5th Wheel Trailers	26' x 10'	80' x 45'
Park Model	10' x 8'	45' x 45'

22. Manufactured homes with basements.
23. Manufactured homes with a value greater than \$150,000.
24. Manufactured homes with non-UL or ICBO approved wood or coal burning units.



25. Manufactured homes with non-UL listed metal chimneys/chimneys without acceptable roof clearance/chimneys not recently cleaned.
26. Risks that are in Foreclosure.
27. Wood or Pellet Stove used as primary heat source.
28. Manufactured Home unit not tied down.
29. Manufactured Home unit not fully skirted.

## FINAL UNDERWRITING AUTHORITY

THIS MANUAL MAY NOT ADDRESS every aspect that might affect the acceptance or continuation of a particular dwelling or risk. For this reason, the company RESERVES THE RIGHT TO remain the final authority in the acceptance or continuation of any risk.

## BASIC DESCRIPTION OF COVERAGE

Coverage	Comprehensive Owner	Broad Seasonal	Broad Tenant
Coverage A - Dwelling	\$5,000 - \$150,000	\$5,000 - \$150,000	\$5,000 - \$150,000
Coverage B - Other Structures	10%	Optional	Optional
Coverage C - Contents	40%	Optional	N/A
Coverage D - Additional Living Expense	10%	N/A	N/A
Coverage E - Liability	\$50,000	Optional	N/A
Animal Liability	\$10,000	Optional	N/A
Trampoline Liability	Excluded	Excluded	Excluded
Coverage E - Property Damage	\$500	Optional	N/A
Coverage F - Medical Payments to Others	\$500	Optional	N/A
Minimum Deductible	\$250	\$250	\$250

## CREDITS AND SURCHARGES

Credits/Surcharges	Availability	Rates	Important Information
Deductibles	Comprehensive and Broad	\$250: +5% \$1,000: -10%	Base Deductible: \$500
Age of Home Discount	Comprehensive and Broad	Up to -14%	A surcharge applies to homes 13 years or older.
Multi-Policy Discount	Comprehensive and Broad	-5%	Applies when the named insured maintains one or more personal lines policies with American Hallmark Insurance Company of Texas or Hallmark Insurance Company.
In Park Discount	Comprehensive and Broad	-10%	See Definitions section for a full description of In Park.
Prior Losses	Comprehensive and Broad		Surcharge does not apply to weather related or medical payments claims. Applicable to all other claims filed within last three years.
Age of Insured Discount	Comprehensive and Broad	-7%	Applies when a named insured is 60 or older.
Supplemental Heating Devices	Comprehensive and Broad	\$35	Applies when the dwelling or other structure is equipped with a wood, coal or pellet burning stoves, space heaters, fireplace inserts or any other solid fuel burning device that is not centralized.



## MANDATORY ENDORSEMENTS

Coverage	Availability	Important Information
Special Provisions - Tennessee	Comprehensive and Broad	Modifies the ISO contract with state specific provisions.
Limited Animal Liability Coverage	Comprehensive (and Broad when Liability selected)	Provides a \$10,000 sublimit of liability for Animal Liability.
Trampoline Exclusion	Comprehensive (and Broad when Liability selected)	Excludes losses involving trampolines.

## OPTIONAL COVERAGES

Coverage	Availability	Rates	Important Information
Increased Other Structures Coverage	Comprehensive and Broad	\$0.85 per \$100	Limits Available: Up to 50% of Coverage A
Increased Personal Property	Comprehensive and Broad	\$0.85 per \$100	Limits Available: Up to 80% of Coverage A
Increased Personal Liability	Comprehensive	\$15	Limits Available: \$100,000
Increased Personal Liability	Broad	\$15 \$25 \$35	Limits Available: \$25,000 \$50,000 \$100,000
Increased Medical Payments to Others	Comprehensive and Broad	\$5 \$7 \$10	Limits Available: \$1,000 \$2,000 \$5,000
Equipment Breakdown Coverage	Comprehensive and Broad	\$25 Annually	\$50,000 per Equipment Breakdown Occurrence.
Replacement Cost Coverage for Dwelling and Other Structures	Comprehensive and Broad	\$35 Annually	Available when Owner occupied and 10 years or newer.
Replacement Cost Coverage for Personal Property	Comprehensive and Broad	10% of Base Policy Premium	
Trip Collision	Comprehensive and Broad	\$50 Annually	Applies to only one move.
Sinkhole Collapse Coverage	Comprehensive and Broad	\$0.50 per \$1,000	Minimum \$60, coverage equals total property coverage on policy.

## OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Availability	Important Information
Animal Liability Exclusion	Comprehensive and Broad	If Personal Liability is applicable to a policy, this exclusion may be applied to remove liability related to animals.
Roof Exclusion	Comprehensive and Broad	Excludes coverage for loss to roof.
Windstorm or Hail Exclusion	Comprehensive and Broad	Excludes coverage for losses caused by windstorm or hail.
Other Structures Exclusion	Comprehensive and Broad	Exclusion will remove all Other Structures Coverage at the insured premises.

## PAYMENT OPTIONS: NEW BUSINESS

Payment Plan	Down Payment	# of Installments	Installment Due
Paid-In-Full	100%	N/A	N/A
Semi-Annual	50.00%	1	6 Months
Quarterly	25.00%	3	3 Months
10-Pay	8.33%	10	1 Month

## PAYMENT OPTIONS: RENEWALS

Payment Plan	Down Payment	# of Installments	Installment Due
Paid-In-Full	100%	N/A	N/A
Semi-Annual	50.00%	1	6 Months
Quarterly	25.00%	3	3 Months
Monthly*	8.33%	11	1 Month

*\*Insureds choosing the 10-pay option at New Business will convert to monthly upon renewal.*