



AIG Programs

Non-Admitted Program Underwriting Authority

Self Storage Program

Edition Date:	3/1/2015
Program Administrator:	All Risks Ltd 10150 York Road Hunt Valley, MD 21030
Principal(s):	Nick Cortezi Chris McGovern, Sr VP Chris Kelleher, Director National Programs
Program Description:	The program provides Property, Liability, Inland Marine and Crime for self storage facilities
Program Manager:	Colleen Grimm
Program Inception:	2/2010
Division:	66 – AIG Programs
Related PUC Numbers:	058
Program Territory:	United States of America excluding all territories and possessions.
Program Commission:	25%



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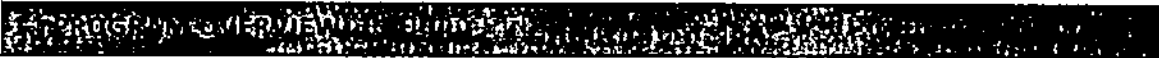


NOTICE – PLEASE READ CAREFULLY

The Program Underwriting Authority (the “Authority”) set forth the terms and conditions pursuant to which the program administrator named in Section 5 hereof (referred to hereinafter as the “Program Administrator”, “You” or “Your”) may place business with the insurance companies named in Section 2.1 hereof (collectively referred to hereinafter as the “Company”, “We”, “Us” or “Our”) in accordance with the Program Administrator Agreement between the Company and the Program Administrator.

The Program Administrator employee listed in Section 5, as the person assigned the underwriting authority granted herein is responsible for the coordination with the Program Administrator’s staff of periodic updates to this Authority, including but not limited to updates to rates, rating rules, forms implementation and other underwriting bulletins as the Company may issue from time to time.

Please sign the acknowledgement and acceptance form in Section 5 and return an executed copy of the Program Underwriting Authority to your Program Manager within 30 days. If your Program Manager does not receive the executed copy within such time, this Authority will automatically go into effect on the date set forth in Section 5.



1.1 ELIGIBLE BUSINESS – PROGRAM DESCRIPTION

You may underwrite, quote and bind business on behalf of the Company on eligible accounts for Self Storage Program (Hereinafter, the “Program”) that meet the following eligibility requirements:

Self Storage facilities who are primarily engaged in renting mini-warehouse space for Self Storage. A mini-warehouse is a Facility designed or operated exclusively for the storage of goods in individual units and is available for use by the general public on a rental or lease basis

Eligible activities:

- Vacant Land – no more than 3 locations and/or 20 acres.
- Building or Premises – for lessor’s risk properties, only bank, office, light mercantile and service occupancies are acceptable at no more than 10% of insured’s total Annual Gross Sales.
- Boat/auto storage at no more than 25% of receipts. No specialized equipment or employee involvement in placing/moving the car or boat into the storage space or facility.

In addition, We require the following account attributes*:

- Management companies/owners with at least five (5) years experience in self storage operations (on new business).
- Three-year currently valued (within 180 days of the proposed effective date) hard copy loss history provided by the insurance carrier on new business (see Section 3.5 for additional information).



- The loss ratio for the current year or the past three years, must be 30% or less and have no single loss greater than \$50,000 (Incurred loss).
- Current policy must be active and not in the process of being cancelled or non-renewed.
- D&B credit score of 1, 2 or 3 as obtained from eStart.**

* Accounts that do not possess each of the above attributes may be deemed acceptable, but must be referred to your Program Manager for review and approval prior to quote.

**For accounts with a D&B score of 0, 4, or 5, confirming via the application that the insured is not operating under any chapter of the US Bankruptcy code is acceptable as an alternative (with proper file documentation).

1.2 INELIGIBLE BUSINESS

You cannot quote or bind business for accounts that are outside of the parameters established above.

Ineligible Risks:

- Public warehousing, other than self-storage
- Private warehousing
- Cold Storage or Alternative Atmosphere warehousing
- Buildings with 5 or more stories.
- Inadequate security. At a minimum, each Facility must be fenced, fully lit at night and have controlled gate access or a keyboard touch pad/card entry system.
- Accounts that require the use Armed Security Guards and/or Guard Dogs.
- Any risk with ancillary activities more than 10% of insured's total Annual Gross Sales

Ineligible activities:

- Household or Commercial movers
- Bars, Taverns, Night Clubs
- Restaurants
- Marinas
- Large Shopping Centers/Malls

Any occupancy that involves significant public exposure

2.1 INSURANCE COMPANIES

You are authorized to place business in the Program with the Companies set forth below



COMPANY NAME

Lexington Insurance Company (all states except DE)
AIG Specialty Insurance Company (DE only)

2.2 LINES OF BUSINESS / PREMIUM / OPERATING SYSTEM

You may underwrite, quote and bind eligible business in the Program for accounts with premiums up to the following amounts using the operating system(s) set forth below.

The premium amounts apply only to business written in the Program and do not apply to any business written with any other company, branch, division or department of AIG Property Casualty, Inc.

LINES OF BUSINESS / PREMIUM / OPERATING SYSTEM

Commercial Property/Inland Marine	\$60,000	Proprietary
Commercial General Liability	\$35,000	Proprietary
Commercial Crime Coverage	5,000	
The sum of all policies and/or coverages written for one insured	\$100,000	

2.3 NAMED INSUREDS

You must understand the operations of all current and inactive named insured entities and verify that each such entity meets the eligibility as defined for the Program.

Note: Individuals (i.e., natural persons) are not to be listed as a "Named Insureds" on Our policies.

Please refer all accounts that are requesting either an Individual or a non-qualifying entity to be listed as a "Named Insured" to your Program Manager prior to quote.

2.4 LIMITS AUTHORITY

You may underwrite, quote and bind eligible business in the Program for accounts with limits up to the amounts set forth below subject to the following catastrophe management limitations.



PROPERTY/CRIME COVERAGES	Limits	
PROPERTY		
Commercial Property and/or Inland Marine	\$10,000,000	Maximum Amount Subject (gross) in Protection Class (PC) 1 - 8
	\$2,500,000	Amount subject any location in Protection Class 9 or 10
	\$50,000,000	Total Insured Values in PC 1 - 8
	\$	Total Insured Values in PC 9 or 10
Earthquake - 250 Year MMI Zones of 7.0 through 12 (derived from RiskMeter*), and the entire state of California, Alaska and Hawaii	No Authority	
Earthquake - 250 Year MMI Zones 1 through 6.99 (derived from RiskMeter*),	\$ 1,000,000	
Earthquake Sprinkler Leakage - 250 Year MMI Zones 1 - 6.99 (derived from RiskMeter*),	\$ 1,000,000	
Flood - RiskMeter flood score over 40	No Authority	
Flood - RiskMeter flood score 10 - 40	\$ 1,000,000	
* See Qwiknotes for Information on RiskMeter		
Wind/Coastal Property	No Authority	Refer to the Windstorm section of Property Qwik Notes for guidelines for your referral.
Equipment Breakdown	Per Equipment Breakdown Addendum	See Section 6 for Equipment Breakdown Addendum.
CRIME		
Commercial Crime (1): Employee Theft Forgery or Alteration (1) Includes Employee Benefit Plans - when scheduled on the Declarations Page	\$100,000	Per Occurrence
Inside the Premises: Theft of Money and Securities	\$	
Inside the Premises: Robbery or Safe Burglary of Other Property	\$	
Outside the Premises	\$	
Computer and Funds Transfer Fraud	\$	
Money Orders and Counterfeit Money	\$	
All other Commercial Crime	\$100,000	Per Occurrence



GENERAL LIABILITY AUTO/MOBILE GARAGE/UMBRELLA	Limit	
Commercial General Liability and Products Liability	\$6,000,000	Each Occurrence
	\$7,000,000	General Aggregate
	\$7,000,000	Products-Completed Operations Aggregate
Medical Payments	\$ 10,000	
Personal/Advertising Injury	\$1,000,000	Each Occurrence
Damage to Premises Rented to You	\$ 100,000	
Employee Benefits Liability	\$1,000,000	Claims Made
	\$3,000,000	Annual Aggregate
HNOA	\$1,000,000	Any One Accident
Employment Practices Liability	\$500,000	

2.5 WINDSTORM AND EARTHQUAKE CAT MANAGEMENT REFERRALS

Catastrophe modeling is also required when writing property coverage including windstorm and/or earth movement on both new and renewal business for any locations:

1. within Windstorm Control Zones (as defined in the Windstorm section of the Qwik Notes), and
2. for any location(s) with a RiskMeter 250 year MMI rating of 7.0 and above for earth movement.

All new business falling into either of the above parameters must be submitted to the Program Manager for CAT modeling prior to quoting

As respects renewal business you should use the Average Annual Loss determinations provided to you by your Program Manager as part of the underwriting / referral process.

No new or renewal property coverage subject to modeling may be quoted until required approval is received from the Program Manager.

2.6 ADHERENCE TO RULES/LOSS COSTS/FORMS

2.6.1 ISO PRODUCTS / AAIS PRODUCTS / PROPRIETARY PRODUCTS

For this program, for the following lines of business, the Company utilizes the following products as set forth below:

INSURANCE SERVICE ORGANIZATION	AAIS	PROPRIETARY PRODUCTS
Commercial General Liability	Inland Marine	Enhanced Property
Commercial Crime		

Unless you are advised otherwise by a Program Administrator Bulletin, the Company will automatically adopt all ISO/AAIS products *using their effective dates* as filed for:



Coverage Forms and Endorsements

The Cover-All Operating system will maintain all changes in compliance with our Company and product requirements.

If you are using an approved proprietary operating and issuance system, such system must be compliant with all applicable Company and product requirements and you must maintain all rates, rules, forms and, and paper company usage as directed by the Company so that you are in compliance with all Company requirements.

2.7 POLICY TERM

Policy periods (including any coverage and rate commitments associated therewith) are for a twelve (12) month term only.

2.8 PRICING AUTHORITY

You have authority to use the pricing plans designated below. You have no authority to use any rates, loss costs, or rating plans other than those made available to you by the Company. When pricing all lines, you must properly document the underwriting file relative to qualification and/or the known risk attributes as required by state regulatory requirements.

PRICING / RATING PLAN AUTHORITY	
AAIS Rating Plans for the following lines of business:	No Authority
Use of ISO Experience and Schedule Rating and IRPM	No Authority
ISO Rating	No Authority
Deviation from ISO 'Increase Limits Factors'	No Authority
ISO Rule 15 - Commercial Automobile	No Authority
ISO Rule 34 - Commercial General Liability	No Authority
ISO Composite Rating	No Authority
Loss sensitive rating or retrospective rating	No Authority
Large or Special Risk Rating	No Authority
Use of any other State Approved "Deregulation" relative to rate or form use	No Authority
Dividend plans: individual risk or entire program	No Authority
Premium deferral or cash flow programs, or compensating balance programs	No Authority
Rate guarantees beyond the annual policy term	No Authority
Self-insured retentions	No Authority
Preferred Risk Property (Property One Rating Plan)	No Authority
Consent to Rate Rules	No Authority

2.8.1 ISO "REFER TO COMPANY" RULES



Anytime ISO has insufficient data to promulgate a rate or loss cost, they defer to the company to create its own rate. Please refer to Section 6, "Refer to Company" rules which are applicable (by product line) for the Program. If we do not address a specific "Refer to Company" issue pertaining to rating an account, please refer the matter to your Program Manager for guidance prior to quote.

2.9 LIMITATIONS TO AUTHORITY

Unless a specific exception is listed in Section 6, you may not place any business in contravention of this Authority with respect to any aspect of the insurance placed pursuant to the Program, including without limitation, types of risk, coverages provided, policy terms and conditions, and pricing techniques.

2.9.1 LIMITATIONS: GENERAL LIMITATIONS

No authority exists to:

1. Quote or bind an account operating pursuant to any chapter of the United States Bankruptcy Code.
2. Quote or bind any account with Commercial Auto exposures of a long-haul nature, defined as a radius of operations greater than 250 miles.
3. Quote or bind any account with overhead transmission/distribution lines either for direct damage or consequential loss, i.e. business interruption or extra expense.
4. Bind any account where Risk Transfer is not self evident, or where the premium for such accounts must be recorded as a deposit.
5. Use any endorsement related to any rating agency downgrade of AIG (Credit Downgrade Endorsement).
6. Captive, pooling, or other risk financing arrangements.
7. Assumed reinsurance.
8. Amendments to any Program Administrator Agreement or other contractual agreement between any company of AIG, Inc., and any duly authorized broker doing business with the AIG Programs Division.
9. Back-dating of coverage more than five (5) business days (and if five days or less, subject to a warranty of no known or reported losses).
10. Requests for facultative reinsurance of any line.
11. Agreement to pay or actual payment of any loss not covered by the policy as it was written at the time of loss.
12. Individual risks, or programs, if AIG Claims Services, or a Lexington approved TPA is not handling all losses and loss adjustment.
13. Revise any premium audit without the express written consent of the Company Premium Audit Division.

2.9.2 LIMITATIONS: COVERAGES

No authority exists to quote or bind any of the following:



1. Claims Made coverage in a program where the CGL is written on an Occurrence form (excluding Employee Benefits Liability).
2. Occurrence Coverage in a program where the CGL is written on a Claims Made form.
3. Employment Related Practices.
4. Pollution or other Environmental coverages.
5. Liquor Law Liability in states designated as a high hazard (8 or higher) by ISO
6. Railroad Protective Liability.
7. Professional Liability or Errors and Omissions Liability.
8. Manufacturers Output policies or coverages.
9. Ocean Marine.
10. Product Recall.
11. Foreign coverages (i.e. outside the United States or Canada).
12. Hawaii Auto Coverages if not written through Coverall.
13. Massachusetts Auto Coverages.
14. Mold/Fungus Coverages.
15. Data Corruption coverage.
16. Policies that provide for Windstorm and/or Flood and/or Earthquake only.

2.9.3 LIMITATIONS: POLICY TERMS AND CONDITIONS

No authority exists to quote or bind any of the following terms or conditions:

1. Individual risk, or programs requesting financial guarantees, e.g. any situation where we would be asked to include language in our policy, or assume obligations in the repayment of indebtedness.
2. Aggregate Limit reinstatement.
3. Requests for mid-term increase in limits of liability (GL only). A "no known loss" warranty may also be required.
4. Extension of cancellation or non-renewal provisions beyond the statutory minimum or 90 days, whichever is greater.
5. Master policies with certificates.
6. Manuscript policies, forms or endorsements, defined as insurance coverage documents, whether written by member companies of AIG or not, that amend policy coverage terms but are not filed or otherwise approved by AIG for your use.
7. Removal of any policy exclusion.
8. Property Loss – Limit forms or coverages.
9. Property (real, personal or inland marine) on a reporting form basis.
10. Property blanket policy limits.
11. Aggregate stop loss on deductibles or approved SIR's



2.10 STATE SURPLUS LINES TAXES, STAMPING FEES, SURCHARGES AND OTHER FEES

You are responsible for ensuring the proper display, billing, collection and remittance of all state required surplus lines taxes, stamping fees, surcharges and other applicable fees. All such amounts associated with these costs are to be remitted directly to the appropriate state/regulatory authority and are not to be remitted to the Company. Please refer to our Underwriting Bulletins or contact your Program Manager for current information regarding all applicable state surcharges and fees (noting that maintaining current information on applicable surplus lines taxes and stamping fees is the responsibility of the surplus lines broker and will not be provided by the Company)

2.11 POLICY ISSUANCE AUTHORITY AND SERVICE STANDARDS

You are authorized to issue policies and on behalf of the Company in accordance with the Authority set forth herein. You must issue and mail all policies (either by USPS or electronically) within thirty (30) days from the effective date of the policy; endorsements must be issued and mailed within thirty (30) days of the effective date of the change.

2.12 APPROVED COVERAGE FORMS AND ENDORSEMENT AUTHORITY

Section 6 sets forth the coverage forms and endorsements that are available for use with the Program by line of business by jurisdiction.

This information is current as of the date of this document. However, the actual edition dates are subject to change based upon new forms being filed and approved. You may not use any form or endorsement other than the most current version approved for use by the Company, by line of business, and by jurisdiction.

Anytime you need to use a coverage form or endorsement not set forth in Section 6 herein, you must refer such form to your Program Manager for review and approval prior to use. If such form is approved, we will amend Section 6 accordingly.

2.13 DELEGATION OF AUTHORITY

The person designated in Section 5 (the "Designee") may delegate the underwriting authority set forth herein to employees of the Program Administrator, provided such employees are under the employ and direct supervision of such designee. Any such delegation of authority must be done in writing, maintained on file at the Program Administrators office and made available to the Company upon request. No person other than the Designee may delegate any underwriting authority nor may the Designee delegate any authority to anyone outside of the employ of the Program Administrator. Any exceptions to any of the foregoing must be expressly approved in writing by your Program Manager prior to initiating the quote process.

Delegation of authority to employees must be done in writing and shall be maintained on file at the Program Administrators office.



2.14 SURPLUS LINES HANDLING AND RELATED CONSIDERATIONS

Surplus lines business can only be placed by a broker that holds a surplus lines license or has surplus lines authority in the “headquarters state” of the insured (see Section 3.10.4). While you may or may not serve in the capacity of surplus lines broker of record on each account, you remain responsible for ensuring that all state required surplus lines obligations/requirements are met and complied with. These requirements include, but are not limited to, proper qualification of surplus lines risks, documentation of diligent search requirements within the admitted market, surplus lines stamping and disclosure to the insured, and the application of state required surplus lines taxes, fees and other charges. If you, as our Program Administrator, are not acting as the surplus lines broker of record, you are responsible for establishing procedures and practices to verify that all state required surplus lines obligations are being met by the surplus lines broker of record. The Company may, if so required, request information from you regarding surplus lines policy handling to satisfy regulatory reporting requests it receives.

3. PROGRAM UNDERWRITING RULES

3.1 UNDERWRITING FILE/DOCUMENTATION REQUIREMENT

You must document the underwriting file to reflect that all issues warranting special consideration have been recognized, evaluated, and found to be in accordance with the Authority delegated to You. Likewise, if any exposures are excluded from coverage, you must document the file accordingly. The underwriting file must contain sufficient information and organized in a manner that will allow anyone to understand the Program Administrator’s underwriting intent by reading the file.

The minimum general requirements for contents of an underwriting file are:

- Signed and dated application(s) – see Section 3.2.
- Account reservation (eStart) confirmation page, including the D&B credit score and any credit or underwriting alerts contained therein – see Section 3.3.
- Account summary worksheet - See Section 3.4.
- Loss runs or a letter of no known losses where applicable – see Section 3.5.
- Final rating worksheets.
- Declarations Page (including full legal address of the insured).
- All correspondence pertaining to coverage or premium, including referrals.
- Referral approvals, declinations, if any.
- Final quotes retained in a .pdf format along with the email cover letter.
- Final binders, retained in a .pdf format along with the email cover letter.
- Complete copy of the policy, which must include a schedule of forms (either paper or electronic copy)
- Copies of any:
 - a. Mid-term endorsements;
 - b. Notices of cancellation;
 - c. Additional Insured endorsements;
 - d. Non-Renewal notices;



- e. Renewal notices;
 - f. Premium audits;
 - g. Loss Control Reports.
- When you are acting in the capacity as surplus lines broker of record, all state required surplus lines documentation requirements – See Section 2.14

NOTE: If you also have admitted Underwriting Authority granted by us pursuant to a separate Program Administrator Agreement, you are not permitted to co-mingle policy documentation/files for admitted business with that of surplus lines business.

Additionally, the minimum additional document requirements by product line are:

3.1.1 PROPERTY FILE DOCUMENTATION REQUIREMENT

- a. IRPM worksheet, including those written with a unity (1.00 mod) and justification for all schedule credits/debits applied.

3.1.2 GENERAL LIABILITY FILE DOCUMENTATION REQUIREMENT

- a. Experience and Schedule rating worksheets (including those written with a unity (1.00 mod) and justification for all schedule credits/debits applied.

3.1.3 AUTOMOBILE FILE DOCUMENTATION REQUIREMENT

3.1.4 UMBRELLA / EXCESS CASUALTY FILE DOCUMENTATION REQUIREMENT

3.2 APPLICATIONS

A copy of the completed, signed and dated application must be kept in the policy file. Any supplemental applications, questionnaires, or statements of value which are critical to the underwriting of the account must be signed. Umbrella applications are not required to be signed if all of the underlying applications have been signed.

All applications, including supplemental applications used by the Program Administrator, must be approved by the Company. In some cases, supplemental information can be obtained separately from the application. Additional information that is obtained through telephone conversations, email exchanges, or other means may be used to analyze an account, but must be documented in the account file.



Standard ACORD forms and supplemental questionnaire or application approved by the Program Manager are the only applications approved for this Program.

3.3 ACCOUNT CLEARANCE/RESERVATION IN 'E START'

You must enter all accounts and Named Insureds into the AIG reservation system (eSTART) prior to the release of a quote. You must include evidence of the reservation clearance in the underwriting file. You must resolve all Underwriting Alerts, Credit Alerts and Hard Blocks as directed by your Program Manager prior to quote and retained in the file.

In addition, when an account is bound, it must be updated in eStart to reflect a bound status.

3.4 ACCOUNT SUMMARY WORKSHEET

Each Underwriting file must contain a completed "Account Summary Worksheet" (one document) that includes the following:

- Name and address of the First Named Insured
- Complete list of Named Insureds, a brief summary of each named insured's operations (including any discontinued operations).
- Description of all operations.
- Exposure and hazard analysis.
- Current/expiring premium.
- Loss history summary by line of business, including open claims summary and large loss summary, if applicable.
- Financial analysis or confirmation of D&B Score (1, 2 or 3, or referral to Program Manager)
- Underwriting rationale supporting writing the account.

3.5 LOSS RUNS/LOSS ANALYSIS

You must analyze loss information prior to quoting any account in accordance with the eligibility requirements set forth in Section 1.1 and documented in the Underwriting file. Loss runs must be from an insurer or Approved Third Party Administrator and must have been produced and currently valued within 180 days of the policy effective date for both new and renewal business.

In addition, for each line of business written, a loss summary must be maintained in file that includes for each year:

- a. Annual premium
- b. Total Number of losses
- c. Total Incurred
- d. Analysis of any claim in excess of \$50,000



3.6 REFERRAL PROCESS / REQUIRED DOCUMENTATION

You must refer any underwriting issue that falls outside of the underwriting authority granted herein to your Program Manager prior to quoting the account. Such referral must clearly include the following:

- Reason for the referral (including direct reference to Your Authority that triggers same).
- Supporting documentation, including a completed, current 'Account Summary Worksheet' (see Section 3.4).
- Your reasons supporting why an exception should be made.
- Due date for a response.

It is incumbent upon You to allow sufficient time for the Program Manager to review all referrals.

Your Program Manager will respond to you with a decision via email, which you must retain in the underwriting file. You may not quote or bind coverage prior to receiving written approval from your Program Manager.

Once the referral is approved, the approval shall remain in effect and, with the exception of the limitations stated below (1), resubmission is not required at each renewal, but only if:

- You have established that there has been no material change to the risk and
- You have properly documented the file (2).

(1) The following exception(s) shall limit referral approval(s) to the current policy term only:

1. When limited by the Program Manager and stated in their approval email; or
2. Deterioration of previously approved three year account loss ratio; or
3. The premium exceeds your authority as stated in Section 2.2, Premium Authority; or
4. Any approval for property and/or inland marine coverages:
 - For flood and/or earth movement if there are any changes to limit(s) or deductible(s); or.
 - Windstorm in a "wind control zone" (unless otherwise provided in the written approval); or
 - If the key amount subject increases by more than **10%** above the approved amount subject limit; or
 - Any amount subject value over \$40,000,000.

(2) NOTE: All referral approvals pertaining to the in force policy must be kept in the current year policy file.

In addition to the above, please note that any previously approved manuscript endorsements that do not have a specific form number and edition date must be resubmitted at expiration. Once approved, the above will apply if so designated by your Program Manager.



3.7 DEDUCTIBLES / SIR PROCEDURES

General Liability: there are no mandatory deductibles or SIR's for this Program. Accordingly, the use of any deductibles on a General Liability must be referred to your Program Manager prior to use.

3.8 QUOTATION

You must issue quote letters for all accounts using a protected pdf format. The saved pdf file name must include the insured's name and the date the quote was created. The quote letter must be retained in the underwriting file along with the dated cover letter (email) that accompanied the quote. If a request is made to revise the quote prior to binding, you must issue a new quote letter.

At a minimum the quote letter must include the following: date of proposal, name of producer, name of insured, proposed effective date and expiration date, conditions, limits of liability, deductible/self insured retention if applicable, premium, applicable coverage, description of forms and endorsements, services if applicable, payment options.

3.8.1 SURPLUS LINES REQUIREMENTS FOR QUOTATIONS

All Quotations issued on a surplus lines basis must contain the following wording on the 1st page of the Quotation:

"THIS INSURER IS NOT LICENSED IN THE STATE AND IS NOT SUBJECT TO ITS SUPERVISION"

If you are not acting in the capacity as surplus lines broker of record or are not reflecting the state required surplus lines taxes and other fees, as may be applicable, on the Quotation, you must include the following on your Quotation in the area where the final premium is shown:

"Premium figures do not include surplus lines taxes and fees"

3.9 BINDERS

All requests from a retail broker or applicant to bind coverage must be in writing and received prior to the coverage inception date. If multiple quotes were provided, the bind order must clearly state the quote option selected.

You must issue a binder, valid for thirty (30) days, whenever a policy is not issued and mailed (USPS or electronically) within five (5) business days of the policy's effective date and outline the final agreed-upon terms and conditions (which may differ from the quote letter assuming the changes are non-monetary). All binders must be converted to a .pdf format, sent via email, and retained in the underwriting file, along with the dated cover letter that accompanied the binder. You cannot extend a binder without written approval by the Company.



Binders may consist of an ACORD Form 75 or a binder letter, provided, however, that all binder letters must include at least the following information:

- Date of issue
- Quote version number (if replacing an earlier version)
- Type of coverage
- Terms and condition including policy period:
 - Limits and participations
 - Retentions/Deductibles/SIR's
 - List of coverage forms and endorsements:
 - clearly showing form number and edition dates for filed forms
 - including a copy of any approved manuscript wording (note: you may not use "to be determined" language when binding coverage terms.)
- Premium including adjustment basis and any payment/security terms
- Fees and assessments
- Writing company(s) and policy numbers
- Special conditions (warranties, subject to conditions, disclaimer wording in the event of a material change in exposure or conditions)
- All non-monetary changes agreed to at time of binding

All binders or binder letters must contain the following language:

"This binder contains a summary of the coverage provided under the policies listed herein and does not include all the terms, conditions, and exclusions of the policy(ies). The policy(ies) contain the full and complete agreement with regard to the coverage provided therein. Please review the policy(ies) thoroughly with your broker upon receipt and notify us promptly in writing if you have any questions. In the event of any inconsistency between the binder and the policy, the policy language shall control."

3.9.1 SURPLUS LINES REQUIREMENTS FOR BINDERS

All Binders issued on a surplus lines basis must contain the following wording on the 1st page of the Binder:

"THIS INSURER IS NOT LICENSED IN THE STATE AND IS NOT SUBJECT TO ITS SUPERVISION"

If you are not acting in the capacity as surplus lines broker of record or are not reflecting the state required surplus lines taxes and other fees, as may be applicable, on the Binder you must include the following on your Binder in the area where the final premium is shown:

"Premium figures do not include surplus lines taxes and fees"



3.10 OTHER UNDERWRITING CONSIDERATIONS

3.10.1 DECLINATIONS/NON RENEWALS/CANCELLATIONS

You must provide proper and timely cancellation and/or non-renewal notices to policyholders, and such other entities as required by the policy, any application law, rule, regulation or order, or the Company. Declination of any submitted new business account must be done in writing and in a timely manner. For all cancellations, conditional renewals and non-renewals, use of ODEN Policy Terminator is required to ensure that notices provided comply with each state's requirements.

3.10.2 MATERIAL CHANGE IN COVERAGE/RATE INCREASES

Many states require notification of any change in premium (including not only base rate changes, but the premiums charged to the individual account) or restrictions in coverage. Some states will require notification to the policyholder prior to renewal, while other states may require a conditional non-renewal. These requirements are applicable to surplus lines business in many states. You must issue such notices as required by applicable law, and forward any questions to your Program Manager.

3.10.3 STATE SPECIFIC AMENDATORY ENDORSEMENTS AND POLICY NOTICES

You must include any/all state amendatory endorsements and policy notices as required by the "Headquarters State" of the insured.

3.10.4 HEADQUARTERS STATE RULE

You must verify that the Program is in compliance and using approved loss costs/rates, rules and forms based upon the 'headquarters state' of the first named insured. As used in this document, "headquarters state" is defined as the state shown in the mailing address of the first Named Insured on the declarations page – the state in which the first Named Insured maintains its headquarters or principle place of business.

3.10.5 TERRORISM RISK INSURANCE ACT (TRIA)

You must comply with provisions of the Federal Terrorism Risk Insurance Act of 2002, as amended.

You must provide a quote for terrorism when providing coverage for Property, General Liability, and/or Excess Casualty lines of business. The Company has taken the position that coverage for terrorism for these lines must be offered with no option to reject coverage, using Form 96556 (02/08) and must clearly show the premium charge. The rate will be a flat charge of 1% where approved. (Refer to Qwiknotes for zip codes where coverage for Terrorism requires a referral.)

Note: the current Federal Terrorism Risk Insurance Act, as amended, is schedule to 'sunset' on 12/31/2014. If it is not renewed, you will be advised to discontinue offering coverage, and instead attach a proprietary terrorism exclusion.



3.10.6 OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

You must attach the approved AIG Coverage Territory Endorsement on all policies (as directed in Section 6).

You must comply with all laws, rules and regulations promulgated by the Office of Foreign Assets Control (OFAC). By clearing the account and any alerts and/or blocks that arise in eStart (see Section 3.3), you are satisfying this requirement.

However, You must refer all matters involving conflicts of this type to your Program Manager immediately to address any potential legal risks under all applicable laws prior to quoting. You are not authorized to bind coverage for any insured included on any list of Specifically Designated Nationals and Blocked Persons promulgated by OFAC.

3.10.7 COMMISSION – POLICYHOLDER NOTICE

You must attach the approved AIG policyholder notice (form 91222 04/13) regarding producer commission to all policies issued pursuant to the Program.

4. ADMINISTRATION AND SERVICE

4.1 LOSS CONTROL

Loss control surveys are provided by AIG Programs approved subcontractors. The purpose of the surveys is to verify information obtained on the application, improve/enhance the insured's risk management program and to identify "exceptions" or critical information requiring the underwriter's review.

Refer to QWIK Notes loss control section for specific requirements.

All Risks Ltd. should request a physical survey within seven days of the effective date on all new business and every three (3) years thereafter if any of the following applies:

- a. Property TIV \$2,000,000 or greater amount subject any one location. For accounts with multiple locations, develop a plan to complete location surveys within three years.
- b. The underwriter has special instructions or questions they would like answered during the survey that are unique to the program or account; or
- c. At the discretion of the underwriter; a physical survey can be ordered more frequently and regardless of premium size if necessary.

All Risks Ltd. is responsible to review all loss control reports within 7 days of receipt and take appropriate underwriting action. The underwriter's review of the report should be documented with their initials and date on the report upon their review. Any comments should be written on the report.

All Risks Ltd. is responsible for verifying and receiving confirmation from the agent that any loss control recommendations have been addressed and are being complied with on the INSURED level .



4.2 PREMIUM INSTALLMENTS AND FINANCING

The Company does not offer premium installments. Premium financing is allowed but is not offered by the Company.



5. ACKNOWLEDGEMENT AND ACCEPTANCE

ACKNOWLEDGEMENT AND ACCEPTANCE

The Program Underwriting Authority and the underwriting authority granted herein, supersede any previous document outlining any and all underwriting requirements and authority. Only the terms of this Authority apply to the conduct of your underwriting responsibility pursuant to the Program. Verbal expressions of underwriting authority do not alter the terms of Your Authority.

Please sign below and return an executed copy of the Program Underwriting Authority to your Program Manager within 30 days. If AIG Programs does not receive the executed copy within such time, this Authority will automatically go into effect on 4/1/2015.

I acknowledge and accept the terms and conditions set forth in this Program Underwriting Authority.

Acknowledged By:

Delegated By:

All Risks Limited

AIG

Chris Kelleher

Name of Recipient/Designee

Vice President

Title of Recipient/Designee

Chris Kelleher

Signature of Recipient/Designee

4/15/15

Date

Jacqueline Fellrath

Jacqueline Fellrath

Product Line Manager

Title of Grantor

Jacqueline Fellrath

Signature of Grantor

4/15/15

Date



6. ADDENDA – LINE OF BUSINESS GUIDANCE: LOSS COSTS/RULES/FORMS

Included in this Section is a complete set of forms (and current edition date by jurisdiction) approved for use with this program. This information is current as of the date of this Authority and is subject to change. You must use the current, approved form edition, which may be a new version than appears in this Authority, based upon the Insured's headquarter state. We will use the Cover-All operating system and/or Program Administrator bulletins to keep this information current.

6.1 PROPERTY / INLAND MARINE / CRIME

Unless otherwise directed in this section, please refer to the Division 66 Property Qwiknotes.

The company accepts ACORD Applications.

6.1.1 APPROVED RATES AND RULES – PROPERTY / INLAND MARINE / CRIME

See attached exhibit for rating structure

Unless directed otherwise, you are to use ISO loss costs or class rates applicable at each location.

Unless directed otherwise, you are to use ISO loss costs or class rates applicable to each location. If an account meets the criteria for use of the PropertyOne rating plan, such rating requires referral and approval.

Refer to Qwik Notes for specific guidance on approved Marshall & Swift valuations.

When writing Crime Coverage on a Discovery form, you must attach the Retroactive Date endorsement. The date utilized on the endorsements should not be more than one year prior to the effective date for which we issue our original policy to an insured. For subsequent renewals, we can use the same date. If there is a break in coverage at any point, we must change the retro date to be no more than one year prior to the *new* effective date.

6.1.2 APPROVED FORMS - PROPERTY / INLAND MARINE / CRIME

See attached forms Exhibit for Property Forms



6.2 GENERAL LIABILITY

Unless otherwise directed in this section, please refer to the Division 66 General Liability Qwiknotes

The company accepts ACORD Applications.

6.2.1 APPROVED RATES AND RULES – GENERAL LIABILITY

Please see attached Exhibit



Exhibit 1 Rates.doc

6.2.2 APPROVED FORMS – GENERAL LIABILITY

Please see attached exhibit



Self Storage
Forms_11 20 2014_JI

6.3 MISCELLANEOUS COVERAGES

Employment Practices Liability – per terms and conditions sent under separate cover.

6.4 SURPLUS LINES FORMS – MANDATORY USE

Surplus lines policies must contain a “Service of Suit” clause, either built into the policy form or added by endorsement. Many proprietary products that have been developed by the Company for surplus lines use will have this clause built in. When ISO-type forms or products/forms that had been previously developed for admitted use are being used on a surplus lines basis, the clause may not be incorporated and will require to have it added by endorsement, as follows:

Lexington Insurance Company – Service of Suit Endorsement – 61902 (7/09)

AIG Specialty Insurance Company – Service of Suit Endorsement - 58426 (11/09)

The following states require the following Policy Notices be issued as part of the surplus lines policy:

Alaska – Alaska Policyholder Notice – {no assigned form number/edition date}



Florida – Florida Policyholder Notice – Addendum to the Declarations – 101762 (6/09)

Texas – Texas Notice (Surplus Lines) – 56668 (3/13)

6.5 REFERRAL SUMMARY REFERENCE GUIDE

The following is a brief summary of some of the common items that are not premium or limits driven that would require a referral or are not permitted from an underwriting perspective. Please note that this is meant to be a quick reference document to assist you in the underwriting process. It is incumbent upon you to verify that you are operating at all times within your authority and, when necessary, refer anything that is outside of your authority to your Program Manager.

Less than five (5) years in operation	1.1
Less than three-year currently valued (within 180 days of the proposed effective date) hard copy loss history provided by the insurance carrier, or unable to obtain a 'no known loss letter' if this option is available as referenced in Section 3.5	1.1 3.5
The loss ratio for the current year, and separately, all lines combined for the past three years, must be 30% or less and have no single loss greater than \$50,000 (incurred loss).	1.1
Current policy must be active and not in the process of being cancelled or non-renewed.	1.1
Accounts with a D&B score of 0, 4, or 5; or you are unable to validate the adequacy of an existing insured's financial state	1.1
Any account operating pursuant to any chapter of the United States Bankruptcy Code	2.9.1.1
An individual or a non-qualifying entity to be listed as a "Named Insured".	2.3
Policy periods (including any coverage and rate commitments associated therewith) greater than twelve (12) months.	2.7
Any account that you want to composite rate.	2.8
"Refer to Company" issue when no rate provided in Your Authority.	2.8.1
Backdating: anytime there is a known loss, or you receive the order to bind six (6) or more days after the effective date	2.9.1.9
Use of any forms not shown as approved for use in Section 6	2.12
Use of a manuscript form	2.9.3.6
Requests for mid-term increase in limits of liability (GL only). A "no known loss" warranty may also be required.	2.9.3.3
Any account where risk transfer is not self-evident; the premium for such accounts must be recorded as a deposit.	2.9.1.4
Use of any financial "Downgrade Endorsement".	2.9.1.5
Aggregate Limit Reinstatement	2.9.3.2
Extension of cancellation or non-renewal provision beyond the statutory minimum or ninety (90) days, whichever is greater.	2.9.3.4
Master policies with certificates.	2.9.3.5



Removal of any policy exclusion or mandatory endorsement.	2.9.3.7
Payment of any loss not covered by the policy as it was written at the time of loss.	2.9.1.11
Any issue relating to premium audits.	2.9.1.13
Policies that provide coverage for Windstorm and/or Flood and/or Earthquake only.	2.9.2.16
Writing property coverage including windstorm and/or earth movement on both new and renewal business for any location(s) within Windstorm Control Zones (as defined in the Windstorm section of the Qwik Notes), and/or with a RiskMeter 250 year MMI rating of 7.0 and above for earth movement.	2.5
Delegation of authority to anyone not properly licensed and under the employ and direct supervision of such designee, or to anyone outside of the employ of the Program Administrator.	2.13
Use of an "a" rate not authorized in Section 6 of Your Authority.	3.1
Supplemental questionnaire or application not previously approved by the Company	3.2
All Underwriting Alerts, Credit Alerts and Hard Blocks	3.3
Use of GL deductibles not previously approved for use with this program, or on any policy with deductible \$25,000 or greater.	3.7
Any risk on the Office of Foreign Assets Control (OFAC).	3.10.6
Terrorism coverage in a zip code designated for referral in Qwik Notes	3.10.5