

AIG Program Division 66 - 2014

EDITION DATE: May 1, 2014

PROGRAM NAME: Electronics Security – Installation & Monitoring

PROGRAM ADMINISTRATOR: Brownyard Programs, Inc.

PROGRAM DESCRIPTION: General Liability including Professional Liability, Property and Umbrella for alarm and communications contractors.
Sales, installation, monitoring and maintenance of burglar alarm, fire alarm, cable, satellite, TV, CCTV, electronic security, and surveillance systems.

PROGRAM INCEPTION: May 1, 2014

DIVISION: 66 – AIG Programs

PRODUCER COMMISSION: Please refer to the Program Administrator Agreement

PROGRAM TERRITORY: United States of America excluding all territories and possessions. Territory also excludes HI, AR, SC, CO and the 5 Boroughs of New York City. See General Liability section for specific terms required for CA, NV, OR, WA

RELATED PUC NUMBERS: 593 – Primary
1791 – Excess
5762 – Property

AUTHORITY:

1. INSURANCE COMPANIES

You are authorized to conduct business for the account of the following companies signified by an 'X' in the box next to the company name.

Lexington Insurance Company – EXCLUDING DELAWARE [X]
AIG Specialty Insurance Company – DELAWARE ONLY [X]

2. POLICY PREMIUMS

You may underwrite, quote and bind business on accounts with premiums up to the following amounts. These premium amounts apply only to business written in the AIG Program Division, and do not apply to any business written with any other company, branch, division or department of American International Group, Inc. (AIG)

| | |
|-----------------------|--|
| <u>\$50,000</u> | For Property /Inland Marine Coverages |
| <u>Included in GL</u> | For Errors and Omissions Coverages |
| <u>\$50,000</u> | For General Liability Coverages |
| <u>\$25,000</u> | For Umbrella Liability Coverages |
| <u>N/A</u> | For Commercial Crime Coverages |
| <u>\$125,000</u> | For the sum of all policies and/or coverages written for one insured |

3. ASSIGNED PROGRAMS

You may underwrite, quote and bind business on accounts within the following AIG Program Division programs, defined as follows by program name and/or description, plus the corresponding Profit Unit Code (PUC) assigned to the eligible lines of business.

593- Primary

1791-Excess

5762-Property

4. LIMITS OF LIABILITY

You may underwrite, quote and bind business on accounts with limit(s) up to the following levels.

| | | |
|--------------------|--|---|
| <u>\$1,000,000</u> | Per occurrence | for General Liability and |
| <u>\$2,000,000</u> | General Aggregate | Products Liability |
| <u>\$2,000,000</u> | Products Aggregate | |
| <u>\$ 5,000</u> | Medical Payments | for General Liability |
| <u>\$</u> | Per occurrence | for Liquor Liability |
| <u>\$</u> | Annual Aggregate | |
| <u>\$1,000,000</u> | Occurrence | for Employee Benefits Liability |
| <u>\$1,000,000</u> | Annual Aggregate | |
| <u>None</u> | Per vehicle | for Automobile Physical Damage |
| | Amount Subject any one location | \$1,000 Ded. |
| <u>\$5,000,000</u> | Per policy | for Commercial Umbrella |
| <u>\$1,000,000</u> | Amount subject (gross) | for Commercial Property and/or Inland Marine |
| <u>\$1,000,000</u> | Amount subject any location in Protection Class 9 or 10 | |
| <u>\$3,000,000</u> | Total insured values (gross) | |
| <u>None</u> | Per occurrence | for Commercial Crime Form A, Depositors Forgery and Employee Benefit Plans (when scheduled in the Declarations) |
| <u>None</u> | Per occurrence | for all other Commercial Crime |
| <u>\$1,000,000</u> | Per Wrongful Act/ | For Errors and Omissions Liability as part of the GL |
| <u>\$2,000,000</u> | Annual Aggregate | policy |

The maximum limit allowed is \$6m/\$6M/\$6M for GL and Umbrella Combined. The GL general aggregate and products aggregate should equal the occurrence limit if the limit is greater than \$1M.

5. PROPERTY PERILS

You may underwrite, quote and bind business subject to the following catastrophe management limitations.
(no authority) Earthquake – 250 year MMI Zones 7.0 through 12, and the entire state of California

| | |
|-----------------------|--|
| <u>\$1,000,000</u> | Earthquake – 250 year MMI Zones 1 through 6.99 |
| <u>(no authority)</u> | Earthquake Sprinkler Leakage – 250 year MMI Zones 7.0 through 12, and the entire state of California |
| <u>\$1,000,000</u> | Earthquake Sprinkler Leakage – 250 year MMI Zones 1 through 6.99 |
| <u>(no authority)</u> | Flood – Federal Flood Zone(s) A, V, B, D, X (shaded), and X(500) |
| <u>\$1,000,000</u> | Flood – Federal Flood Zone(s) C, X or better |
| Wind/Coastal Property | Wind/Coastal Property – There is <u>no authority</u> to quote windstorm or hail on locations within any of the windstorm control zones. All such locations must be submitted to, and approved by, your Program Manager <u>before</u> quoting. Definitions of windstorm control zones are in the Property Qwik Notes. |

6. PRICING

Pricing is to be the specific rates and factors that are labeled pricing within these guidelines or as listed in any separate exhibit with specific rates are attached to and referenced.

7. LIMITATIONS TO AUTHORITY - ANY SPECIFIC EXCEPTIONS ARE LISTED IN SECTION 16

A. Specific Operations/Exposures

- (1) No authority exists to bind any AIG company to a new program.
- (2) No authority exists to amend the parameters of an existing program, i.e., adding SIC or CGL codes, or altering the underwriting guidelines established for the program.
- (3) No authority exists to quote or bind any account filed under or operating under any chapter of the Federal Bankruptcy Law(s).
- (4) No authority exists to quote or bind any account with overhead transmission/distribution lines, either for direct damage or consequential loss, i.e., business interruption or extra expense.
- (5) No authority exists to make any exceptions to AIG's Safe Harbor or Risk Transfer protocols.

B. Coverages – No authority exists to quote or bind any account that requests any one or more of the following coverages.

- (1) Claims Made coverage in a program where the CGL exposure is written on an Occurrence form
- (2) Occurrence coverage in a program where the CGL exposure is written on a Claims Made form
- (3) Employment Related Practices Liability
- (4) Pollution or other Environmental coverages
- (5) Captive, Pooling or other alternative risk financing arrangements
- (6) Liquor Law Liability in states designated as High Hazard by ISO class
- (7) Workers Compensation
- (8) Railroad Protective Liability
- (9) Protection & Indemnity
- (10) U.S. Longshoremen & Harbor Workers liability
- (11) Professional Liability or Errors & Omissions liability
- (12) Manufacturers Output policies or coverages
- (13) Ocean Marine
- (14) Products Recall
- (15) Assumed Reinsurance
- (16) Foreign coverages (i.e., outside the United States or Canada)
- (17) Mold/Fungus coverages
- (18) Data Corruption coverage

C. Policy Terms and Conditions – No authority exists to quote or bind any account which requests any one or more of the following terms or conditions.

- (1) Individual risks, 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) Individual risks, or programs, if an AIG approved TPA is not handling all losses and loss adjustment
- (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 AIG companies or not, that:
 - (a) have not been vetted by AIG Legal; and/or
 - (b) have not been assigned an ISO or AIG form number
- (7) removal of any policy exclusion
- (8) property loss-limit form or coverages
- (9) property (real, personal or inland marine) on a reporting form basis
- (10) property blanket policy limits
- (11) payment of any loss not covered by the policy as it was written at the time of loss
- (12) amendments to any Program Administrator Agreement or other contractual arrangement between any AIG company and any duly authorized broker doing business with the AIG Programs Division
- (13) back-dating of coverage more than five (5) working days (and if five days or less, subject to a warranty of no known or reported losses)
- (14) requests for facultative reinsurance of any line

D. Pricing Techniques – You have no authority to quote or bind any account that requests any one or more of the following pricing techniques.

- (1) rates or rating plans other than those approved by the companies underwriting the AIG Programs Division program
- (2) loss-sensitive rating or retrospective rating
- (3) dividend plans, whether individual risk or entire programs
- (4) revisions on premium audits without written consent of the AIG Premium Audit Division
- (5) premium deferral or cash-flow programs, or compensating balance programs
- (6) rate guarantees beyond the annual policy term
- (7) self-insured retentions
- (8) aggregate stop loss on deductibles
- (9) policy terms greater than 12 months

8. ELIGIBILITY REQUIREMENTS

Eligible Risks:

NAICS Codes:

- 238210 Alarm system (e.g., fire, burglar), electric, installation only
- 238210 Audio equipment installation (except automotive) contractors
- 238210 Building automation system installation contractors
- 238210 Fire alarm system, electric, installation only
- 238210 Burglar alarm system, electric, installation only
- 238210 Cable television hookup contractors
- 238210 Communication equipment installations
- 238210 Computer and network cable installation
- 238210 Low voltage electrical works
- 238210 Home theater installations
- 238210 Intercommunication (intercom) system installations
- 238210 Fiber optic cable (except transmission lines) installation
- 238210 Telecommunications equipment and wiring (except transmission line) installation
- 238210 Telephone equipment and building wiring installation
- 238210 Surveillance system, installation only
- 238210 Electronic control installation and service

- Contractors generating revenues of \$25,000,000 or less
 - Contractors that subcontract less than 35% of their work (excluding monitoring)
 - Contractors engaged in the sale, installation and maintenance of alarm systems
 - Contractors engaged in the sale, installation and maintenance of CCTV (Closed Circuit Television) and Two Way "Video Dial Tone" security systems
 - Contractors that provide monitoring services for alarm and security systems that they have sold and installed
 - Contractors providing telephone, cable and internet connection services who utilize the infrastructure of another carrier but do not have ownership in or operational responsibility for that infrastructure
 - Contractors installing Satellite Television Systems, access card systems, home entertainment systems, and wireless communications systems
- Ineligible Risks:**
Ineligible activities:
- Fire Suppression System Sales & Installation
 - Manufacturers
 - Accounts using security guards or armed runners
 - Internet service providers
 - Cable programmers or operators who provide content
 - TV or Radio Broadcasters
 - Medical monitoring, unless part of a bundled service package
 - Contractors involved in new construction of condominiums, duplexes, triplexes and townhouses in the states of California, Washington, Oregon or Nevada. (Contractors performing work on Apartment buildings are eligible).
 - Contractors doing work in New York City including the 5 boroughs of Bronx, Brooklyn, Manhattan, Queens & Richmond (Staten Island)
 - Any firm that derives more than 10% of their revenue from sales of cellular phones
 - Installation of cellular telephone towers
 - Computer Software Design/EDP Consulting
 - Any account where the incidental business exposure exceeds more than 25% of the total receipts. Incidental business may include electrical contracting, fire extinguisher sales and service, television sales and service.
 - Any alarm installation and/or monitoring contractor firm that does not use a liquidated damages clause in their standard contract or any account where the liquidated damages clause allows or can be amended to allow an agreed upon sum in excess of \$2500
 - Any deductible over \$10,000

9. UNDERWRITING CRITERIA

- At least 3 years in operation
- Loss ratio for the current year or the past three years (all lines combined) 30% or less and with no single loss greater than \$50,000. (Incurred loss and expense)
- Minimum of three years currently valued hard copy loss history provided by the insurance carrier on new business
- The insured must have a D&B Stress Score of 1, 2 or 3 as obtained from eStart. If the stress score is 4 or 5 a copy of their current financial statements and payment history must be reviewed. Any accounts that have a stress score of 4 or 5 and total account premiums over \$250,000 must be referred to the Company for approval.

10. APPLICATIONS

ON ALL NEW BUSINESS A COPY OF THE COMPLETED AND SIGNED APPLICATION MUST BE KEPT IN THE POLICY FILE. ON RENEWALS ALL MATERIAL CHANGES MUST BE AT THE WRITTEN AND SIGNED REQUEST OF THE INSURED. A COMPLETE UPDATED APPLICATION IS TO BE OBTAINED AT LEAST EVERY THIRD YEAR.

All applications, including supplemental applications used by the producer, need the approval of the company. In some cases, supplemental information can be obtained separately from the application. Additional information that is obtained through telephone conversations or other means may be used to analyze an account, but must be documented in the account file.

STANDARD ACORD FORMS, ANY SPECIAL SUPPLEMENTAL QUESTIONNAIRE OR ANY SPECIFIC APPLICATION APPROVED BY AIG PROGRAMS FOR USE ARE THE ONLY APPLICATIONS APPROVED FOR THIS PROGRAM.

11. RECORDING SUBMISSION in eStart

All accounts must be entered into eStart.

Naming standards are the basis for entry into the company's database as well as the recommended way for listing Named Insureds. For those individual accounts that require clearance, the process of ensuring an account has not been submitted, quoted, declined or is actively covered by another producer, region and/or PA, uses these same standards.

12. QUOTES

Quotes must be issued in writing for all accounts. Quotes must be issued as hard copy or, if electronic, in a protected pdf format.

If coverage limits or effective dates are different from those requested by the insured in the application, the quote letter, binder and the policy must reflect the changed terms;

All quote letters must contain the following wording:

"Excludes surplus lines taxes and fees" and;

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

13. BINDERS

If a policy is issued and mailed prior to the effective date or is issued within five business days after the effective date, a binder is not required to be issued. If a policy will not be issued and mailed within five business days a binder must be issued.

Binders must be issued as hard copy or, if electronic, in a protected pdf format.

If telephone orders are received, a note must be placed in the file indicating who the PA spoke with and the date that coverage and limits were bound. This should be followed by confirmation in writing either by the insured or a confirmation letter issued by you that should be signed and dated by the insured, or a representative of the insured, and returned to you and placed in the underwriting file. If a policy is issued and mailed prior to the effective date or is issued within five business days after the effective date a binder is not required to be issued.

All binders must be confirmed in writing utilizing the ACORD Form 75 and cannot extend for more than thirty (30) days without written approval by the Company. No provisions changing or increasing agreed to program parameters may be bound. In the event of such occurrence, THE PRODUCER SHOULD BE CONTACTED IMMEDIATELY AND ADVISED OF THE UNACCEPTABLE TERMS AND SUCH BINDERS SHOULD BE IMMEDIATELY RETURNED TO THE PRODUCER FOR CORRECTION WITH A WRITTEN REJECTION OF THE UNACCEPTABLE TERMS.

All binders must contain the following: THIS BINDER IS A SUMMATION OF THE LIMITS, TERM, COVERAGES AND CONDITIONS ALL OF WHICH ARE SUPERCEDED BY THE ACTUAL POLICY WHEN ISSUED.

14. POLICY ISSUANCE

All policies must be mailed within thirty (30) days from the effective date of the policy.

15. MINIMUM REQUIREMENTS FOR POLICY FILE CONTENTS

The minimum requirements for contents of a policy file are:

- Declarations Page (including full legal address of the insured)
- Forms attached (a list of included forms)
- Rating (whether on a worksheet or not) including justification for any individual risk modification factors
- Signed and Dated Application(s)
- Any quotes or proposals
- Any binders
- Any inspections, loss controls or audits
- Any and all correspondence on coverage or premium, including referrals
- Any Premium Audits
- Copies of any mid-term endorsements, Notice of Cancellations, schedules of Additional Insureds, Certificates of Insurance, Non-Renewal notices, Conditional Renewal notices

Complete copies of the underwriting file must be retained by the program administrator unless and until specific written authorization is given by the company.

16. SPECIFIC UNDERWRITING GUIDELINES BY LINE OF BUSINESS

A. COMMERCIAL PROPERTY/INLAND MARINE

Unless specific guidelines apply refer to the Division 66 Property Qwiknotes.

Buildings should be 20 years of age or less, or evidence must be obtained and kept in the file that wiring, heating and plumbing is up to date with all current codes and that the roof condition is satisfactory. The signed application affirming updates within the past 15 years is acceptable documentation. If such affirmation is not received, then copies of inspections by a licensed contractor, municipal building inspector or loss control reports will be sufficient documentation.

Insurance to Value:

An insurance-to-value calculation using Marshall & Swift must be done for all new business with a building value of \$750,000 or greater. Access to Marshall & Swift, an ITV analysis system, is provided by AIG. All new Marshall & Swift calculations, and required renewal Marshall & Swift calculations, must be saved in the Marshall & Swift system for annual updates.

If the submitted building value is less than the Marshall & Swift estimate by 15% or more, action should be taken to address the deficiency. Coinsurance, amended limit, documentation of adequacy for the submitted building value via appraisal or similar document, must be finalized prior to binding.

Business income worksheets must be completed for all insureds desiring limits for this coverage in excess of \$500,000 any one amount subject.

Signed statements of value must be obtained on any policy affording blanket per location limits.

Properties must comply with all National, State and Local building and safety codes, as well as NFPA guidelines for the occupancy. Evidence that this is apparent should be obtained and documentation kept available in the underwriting file. Copies of loss control reports will usually meet this requirement.

The Amount Subject is to be determined as follows:

If any covered property is of Frame, Joisted Masonry or Non-combustible construction and located within Protection Class 1 to 8 and two stories or less in height all buildings within 100 feet are considered subject; if over two stories in height within 150 feet is considered subject. Protection Class 9 or 10 all buildings within 200 feet are considered subject.

If all covered property is Masonry Non-combustible or Fire Resistive construction and located within Protection Class 1 to 8 and two stories or less in height 50 feet is considered subject; if over two stories in height 75 feet is considered subject. Protection Class 9 or 10 all buildings within 100 feet are considered subject.

Clear space between buildings are parking lots, maintained lawns, gravel etc. Anything combustible (brush, stock in the open) between buildings would negate the benefit of separation. All values within the enclosed walls of the structure are always considered subject irrespective of interior cutoffs.

Refer to the Property Qwiknotes for:

- earthquake, flood and wind definitions of amount subject. You have no authority to issue single peril coverage or flood and earthquake only policies; and
- it is mandatory to use RiskMeter for all determination of geocoded data including but not limited to- distance to coast, wind pool eligibility, MMI zone for earthquake, NFIP flood zones, wildfire hazard, hail and tornado reports – all to be utilized throughout the underwriting process, with printed copies of these RiskMeter results maintained in the underwriting file.

POLICY FORMS MUST BE AIG APPROVED FORMS UNLESS SPECIFICALLY LISTED.

Mandatory:

ISO Property Forms
89644 (7/05) – OFAC – excluding Virginia
109754 (9/11) – OFAC PHN – Virginia Only

PRG CP 01 (11/01) Fungus Exclusion

Optional:

PRG AT 04 (12 99) Alarm Property Enhancement

RATES PER \$100 OF INSURED VALUE AT \$1,000 DEDUCTIBLE

| <u>CONSTRUCTION</u> | | <u>PROTECTION CLASS</u> | | |
|------------------------------------|----------|-------------------------|-------|-------|
| | | 1-4 | 5-7 | 8-10 |
| FRAME | BUILDING | 0.256 | 0.293 | 0.325 |
| | CONTENTS | 0.428 | 0.491 | 0.543 |
| JOISTED/MASONRY NON-COMBUSTIBLE | BUILDING | 0.189 | 0.217 | 0.239 |
| | CONTENTS | 0.346 | 0.393 | 0.435 |

| | | | | |
|-----------------|----------|-------|-------|-------|
| MASONRY | BUILDING | 0.141 | 0.162 | 0.179 |
| NON-COMBUSTIBLE | CONTENTS | 0.259 | 0.296 | 0.326 |

| | | | | |
|----------------|----------|-------|-------|-------|
| FIRE RESISTIVE | BUILDING | 0.105 | 0.12 | 0.152 |
| | CONTENTS | 0.191 | 0.218 | 0.277 |

RATE MODIFICATIONS:

| | | |
|---|--------------|--|
| BUSINESS INCOME (AND EXTRA EXPENSE) | | BUILDING RATE * .75 |
| EXTRA EXPENSE (STANDALONE) | | BUILDING RATE * 2.00 |
| ALARM PROPERTY ENHANCEMENT ENDORSEMENT | | \$350 (OVER MIN PREMIUM) |
| 100% AUTOMATIC SPRINKLER PROTECTION | | ABOVE RATES - 10% |
| CENTRAL STATION BURGLAR ALARM | | ABOVE CONTENTS RATES - 10% |
| \$2,500 DEDUCTIBLE | | ABOVE RATES - 5% |
| \$5,000 DEDUCTIBLE | | ABOVE RATES - 10% |
| \$500 DEDUCTIBLE | | ABOVE RATES + 10% |
| TERRITORIAL SURCHARGES | | |
| LOS ANGELES/SAN FRANCISCO/OAKLAND SACRAMENTO | | ABOVE RATES + 50% |
| FLORIDA (COASTAL COUNTIES) | | |
| FRAME AND JOISTED MASONRY | BLDG CNTS | ABOVE RATES + 250% ABOVE RATES + 200% |
| NEVADA LOCATIONS | | ABOVE RATES + 200% |
| SOUTHEASTERN (COASTAL COUNTIES VA to GA) | | |
| FRAME AND JOISTED MASONRY | BLDG CNTS | ABOVE RATES + 100% ABOVE RATES + 75% |
| SPECIAL CLASSES OF PROPERTY | | |
| OUTDOOR ANTENNA (EXCEPT COASTAL COUNTIES) | | .50/\$100 OF VALUE |
| REFER ALL ANTENNA IN COASTAL COUNTIES | | |

ALARM PROPERTY ENHANCEMENT ENDORSEMENT--Coverage and Rating Guidelines

This endorsement is intended to enhance coverages provided by standard ISO Property forms. Coverage is divided into three sections for ease of use. The endorsement may have limits increased for an additional premium based on the following rating methodology, for those coverages outlined below.

| <u>A. Coverage</u> | <u>Limit of Insurance</u> |
|---|-------------------------------|
| 1. Accounts Receivable | \$25,000 |
| Optional Limits available: | \$50,000, \$75,000, \$100,000 |
| Use 50% of contents rate times amounts above \$25,000 | |

| | |
|--|--------------------|
| 2. Exhibitions | \$25,000 |
| Optional Limits available: | \$35,000, \$50,000 |
| Use flat charge of \$300 for \$35,000 and \$450 for \$50,000 | |

3. Ordinance or Law Coverages

Optional Limits available for Demolition and Increased Cost of Construction up to \$100,000 each coverage. Use Building rate times 1.15 times the total increased limit for each coverage.

4. Outdoor Property Increased Limit

Optional limits available up to \$50,000, use contents rate times additional limit. Note that this coverage is for limited named perils, if broader coverage desired refer to company.

5. Property at Other Premises

This coverage applies to personal property away from premises shown in the Declarations and includes contractor's equipment and property to be installed at customer's premises. This limit may be increased up to \$100,000 at an annual rate of .85—2.00/\$100 of increased values. Note that the limit selected for Personal Property under the Building and Personal Property Coverage Form should be sufficient to include contractor's equipment and other covered property while on the insured's premise. For limits in excess of this refer to company.

6. Property in Transit

This coverage may be increased to \$50,000 for an additional flat premium of \$250. This coverage is intended to respond to exposure on owned vehicles (less than 10 vehicles) and incidental exposure on public carriers.

7. Salespersons Samples

Optional limits available of \$10,000 (\$ 75 additional premium), \$15,000 (\$150 additional premium), \$20,000 (\$225 additional premium)

8. Patterns, Dies, Molds and Forms

This coverage may be increased up to \$50,000, use the contents rate * 1.25* the increased limit for premium computation.

B. Coverage

1. Back up of Sewers or Drains

Optional limit available of \$50,000 (additional premium of \$175 per location), refer request for the increased limit if the insured previously sustained a Back Up loss in the past three years.

2. Computer Equipment

This is a sub-limit of Personal Property coverage, make sure that the total value of computer hardware is included in the Personal Property limit. This sub-limit may be increased to \$300,000.
An additional charge should be made by using the 50% of the contents rate times the amount in excess of \$25,000.

3. Valuable Papers and Records
Including Electronic or Magnetic Media

This is a sub-limit of Personal Property coverage, make sure that the total value of computer hardware is included in the Personal Property limit. This sub-limit may be increased to \$ 50,000.
An additional charge should be made by using the 50% of the contents rate times the amount in excess of \$ 25,000.

B. EQUIPMENT BREAKDOWN

Excluded from this Program.

C. GENERAL LIABILITY

Applications and accompanying statements must identify all entities insured as they are currently and entities, products and operations as they were in the past if the insured remains legally responsible for them. If any past entities, products or operations would not be eligible for consideration within this program, the prospect must be submitted to the company prior to any commitment.

POLICY FORMS MUST BE AIG APPROVED FORMS UNLESS SPECIFICALLY LISTED.

POLICY FORMS

| | |
|------------------------------------|---------------------------|
| ISO CGL Occurrence | CG 00 01 04 13 |
| Professional Liability Endorsement | PRG AT 01 12 00 |
| GL/PL Declarations Page | LexOcc CGL/PL Dec (12/07) |

MANDATORY ENDORSEMENTS

91222 (12/09) - Policy Holder Notice
PRG AT 09 (06/02) - Amendatory Endorsement - Asbestos & Silica Exclusions, Minimum Premium
78689 (07/03) - Fungus exclusion (not required if end. 86563 (08/04)
58332 (08/07) - Total Lead Exclusion
62898 (06/95) - Radioactive Matter exclusion (LA)
62898 (07/12) - Radioactive Matter exclusion (except LA)
87295 (01/08) - Violation of Statutes exclusion
Manuscript - Continuing or Progressive endorsement - (updated reference Occurrence #13)
108102 (08/11) - Deductible Liability Endorsement
CG 21 47 (12/07) - Exclusion Employment Practices
CG 21 49 (01/96) - Exclusion Total Pollution
IL 00 17 (11/98) - Common Policy Conditions
IL 00 21 (09/08) - Nuclear Liability Exclusion
PRG 6004 (03/03) - Accident Insurance
PRG CC 02 (04/99) - Minimum Earned Premium
PRG SS (04/02) - Service of Suit
82540 (07/12) - Abuse or Molestation exclusion
CG 21 54 (01/96) - Wrap up exclusion

99813 (11/08) - Crisis Response Coverage Extension Endorsement
 89644 (07/05) - OFAC - excluding Virginia
 109754 (9/11) - OFAC PHN - Virginia Only
 PRG 46553 (04/08) - Terrorism Notice
 PRG 6004 (03/03) - Accident Insurance
 PRG 3359 (12/09) Minimum Earned Premium Endorsement
 PRG SS (04/02) - Service of Suit Condition
 CG 2639 (12/07) - Employment Related Practices exclusion (TX Only)
 64004 (07/12) - ERISA Exclusion
 CG0193A (7/98) Employment Related Practices Exclusion (WA only) (Alias Form Name CG0197)
 CG 21 54 (01/96) - Exclusion - Designated Operations Covered by a Consolidated (Wrap-Up) Insurance
 Program Schedule: Any and all consolidated (wrap-up) insurance programs

Mandatory endorsements on contractors located or working in California, Nevada, Washington or Oregon:

CG 21 53 (01 96) - Exclusion - Designated Ongoing Operations (Any work on new condominiums, duplexes, triplexes or townhouses)

CG 21 34 (01 87) - Exclusion - Designated Work (Any work on new condominiums, duplexes, triplexes or townhouses)

Mandatory endorsements on contractors located or working in California, Nevada, Oregon, or Washington that do NOT work on new Residential developments consisting of 10 homes or more:

CG 21 53 (01 96) - Exclusion - Designated Ongoing Operations (Any work on new residential developments consisting of 10 or more residential units)

CG 21 34 (01 87) - Exclusion - Designated Work (Any work on new residential developments consisting of 10 or more residential units)

Mandatory endorsements on contractors doing work on new residential developments consisting of 10 homes or more in California, Nevada, Oregon, or Washington:

PRG CC 03 (04 99) - Defense Inside the Limits

PRG CC 04 (04 99) - Deductible Amendment Defense Inside the Limits

CG 21 34 (01 87) - Exclusion-Designated Work (Any work completed prior to the inception date of this policy) - Applies to new business; on renewals can go back to the effective date of AIG's first continuously issued policy

CG 20 37 is not available for contractor performing work in California, Nevada, Washington or Oregon.

OPTIONAL ENDORSEMENTS AVAILABLE TO ALL CONTRACTORS

| | |
|-------------------------|--|
| PRG AT 02 (09/99) | Lost Key Endorsement |
| CG 21 35 (10/93) - | Exclusion Medical Payments |
| CG 24 04 (07/98) | Waiver of Subrogation |
| CG 20 10 (04/13) | Additional Insured - Individual |
| LexOcc 229 (02/90) | Stop Gap Endorsement |
| CG 04 35 (12/07) | Employee Benefits Liability |
| 68704 (08/97) | Hired & Non-owned Auto |
| CG 20 10 10 01 or 07 04 | Additional Insured - Premises |
| CG 30 37 10 01 or 07 04 | Additional Insured - Products Completed Operations |
| | (CG 11 85 is no longer approved for use on any policy) |

LX9838 (02/05) Primary, Non-Contributory Endorsement

CG 2503 (05 09)

Project General Aggregate

CG 20 01 04/ 13)
CG 20 38 (04/13)

Primary and Non-Contributory – Other Insurance Condition
Additional Insured –Owners, Lessees, or Contractors – Automatic Status For
Other Parties

PRICING

Minimum Premiums:

\$2500, except \$25,000 for accounts working on new residential developments of 10 or more units in CA, NV, WA or OR

Base Rate: 3.85 per \$1000 receipts

Credits: Maximum allowed 40%

Loss free (including ILAE) for 3 or more years:

- under \$1M in receipts 5%
- over \$1M in receipts 10%

Loss free (including ILAE) for 5 or more years:

- under \$1M in receipts 15%
- over \$1M in receipts 25%

Less than 25% commercial and/or industrial work 10%

More than 50% communication equipment sales/installation 20%

Discretionary credit/Underwriting Judgment 10%

Deblts:

New residential construction of 10 homes or more in a new development in the states of CA, NV, WA & OR. 50%

Coverage Extensions:

Employee Benefits Liability \$150 flat charge

Stop Gap EL \$100 flat charge

Non-owned and hired auto \$250 per employee
Waiver of Subrogation No Charge

Primary Wording No Charge
Additional Insured CG 20 37 10%

Per Project General Aggregate No Charge

Deductible Credits:

Minimum Deductible: \$1000

| | | |
|---------------------|----------|-----------|
| Deductible Credits: | \$1,000 | 0% |
| | \$2,500 | up to 10% |
| | \$5,000 | up to 15% |
| | \$10,000 | up to 25% |

D. EXCESS AND UMBRELLA – Refer to Division 66 Umbrella QWIKNOTES

- The Primary General Liability policy must be written by an AIG company for this program.
- Operations outside the scope of the Primary Liability Program may be scheduled and covered subject to company approval.
- Any exposures excluded under the primary GL must be excluded with the same verbiage under the umbrella contract
- Underlying schedule must include automobile liability coverage and/or miscellaneous liability coverage.(see underlying requirements)
- Liquor Liability may be covered if primary coverage is shown in the schedule of underlying.
- Employers Liability is included (see underlying requirements)
- Employee Benefit Liability may be included on a following form basis
- Professional Liability or E&O coverage must be on a following form basis and only if provided on the primary.

Form: 80517 (11/09) Umbrella Prime

MANDATORY EXCLUSIONS:

| | |
|---------------|--|
| 89472 (6/05) | Physical Abuse, Sexual Abuse or Molestation Exclusion Endorsement (Not VA) |
| 89974 (10/05) | Illinois Abuse, Sexual Abuse or Molestation Exclusion Endorsement |
| 80479 (2/03) | Silica Exclusion Endorsement (not TX) |
| 86471 (2/06) | Lead Exclusion Endorsement (Not FL, NH, VA) |
| 87241 (12/04) | Violation of Information or Communication Law Exclusion Endorsement Included in 80517 11/09 edition as exclusion W. |
| 83056 (9/03) | Anti-Stacking Excess Casualty Limitation Endorsement (Not LA, VA) |
| 80488 (7/02) | Subsidence Exclusion (Not VA) |
| 87224 (12/04) | Liquor Liability Exclusion Endorsement (Not VA) |
| 80411 (1/04) | Cross Suits Exclusion (Not NH, SD, VA) |
| 80514 (7/02) | Total Pollution Exclusion (Not LA) |
| 105999 11/10) | Louisiana Pollution Exclusion Endorsement |
| 80417 (7/02) | Directors and Officers Liability Exclusion (Not VA) |
| 82449 (6/03) | Fungus Exclusion Endorsement (Not VA) |
| 89683 (9/05) | Fungus Exclusion (MA, NH) |
| 80434 (2/03) | Formaldehyde Exclusion Endorsement (Not NE, NH, TX, VA) |
| 80463 (7/02) | Personal Injury Follow-Form (Not VA) |
| 80419 (7/02) | Employee Benefits Liability Exclusion (Not VA) |
| 89644 (7/05) | Coverage Territory Endorsement (Not VA) |
| 95605 (9/07) | Pre-Existing Damages and/or Defects Exclusion Endorsement (Not CA, TX, VA) |
| 86542 (8/04) | Contractors Limitation Endorsement (Not SD, TX, VA) |

105908 (7/10) Water Damage from Exterior Wall Applications Exclusion Endorsement (Not OH, TX, VA)
 81583 (4/07) Retained Limit Amendatory Endorsement (Not CA, IL, VA)
 100670
 (11/08) Retained Limit Amendatory Endorsement (IL only)
 83858 (01/04) Products Completed Operations Limitation
 91009 (05/06) Professional Liability Limitation
 83094 (09/03) Radioactive Matter Exclusion
 89459 (06/05) Designated Operations Coverage Limitation Endorsement
 Schedule: (1) Any work on new condominiums, duplexes, tri-plexes or townhouses; or
 805167 (7/02) Wrap-up and Joint Venture Exclusion

OPTIONAL FORMS:

80398 (7/02) Automobile Liability Follow-Form Endorsement (Not VA) - USE IF SCHEDULING AUTO
 80399 (07/02) Automobile Liability Exclusion - USE IF NOT SCHEDULING AUTO
 83070 (09/03) Employers Liability Exclusion - USE IF NOT SCHEDULING EL
 82616 (05/06) Employers Liability & Stop Gap Limitation - USE IF SCHEDULING EL
 95124 (7/07) Employee Benefits Liability Follow Form Endorsement (Not CA, TX, VA)
 100812 (12/08) Acknowledgement of Waiver of Subrogation Endorsement

TERM:

- Term shall be concurrent with the primary GL coverage and issued with a term no greater than one year.
- Odd time extension of up to ninety (90) days can be granted subject to premium adjustment.
- If the policy term is non-concurrent with effective date of the primary GL or any underlying policy with a policy aggregate, non-concurrent endorsement must be attached. Form 66123 – Retained Limit Endorsement

UNDERLYING REQUIREMENTS FOR UMBRELLA COVERAGE:

- General Liability-\$1,000,000 occ./\$2,000,000 ann. Agg. Combined Single Limit BI/PD. All provisions outlined in the Comprehensive General Liability Section of these guidelines shall apply.
- Automobile Liability- (includes hired and non-owned) \$1,000,000 CSL
- Employers Liability-\$500/500 or as permitted by state regulation
- Miscellaneous Liability-\$1,000,000 CSL (i.e. D&O, E&O)
- Liquor Liability-\$1,000,000 each common cause/aggregate
- Employee Benefit Liability-\$1,000,000 each wrongful act /aggregate (Claims Made Form)
- UNDERLYING CARRIERS FOR COVERAGES NOT PROVIDED IN THE PROGRAM MUST BE BEST RATED AT LEAST A- VII OR ABOVE.
- THE PREMIUM AND MINIMUM PREMIUMS FOR EACH POLICY SHALL BE AS APPROVED FOR USE BY THE COMPANY IN THE STATE WHERE COVERAGE IS AFFORDED.

FORMS USED MUST BE THOSE APPROVED FOR USE BY THE COMPANY IN THE STATE WHERE COVERAGE IS AFFORDED. COVERAGE CANNOT TO BE ISSUED ON A STANDALONE BASIS.

EXCESS PRICING BY LAYER SUBJECT TO MINIMUM PREMIUMS:

\$1MM Umbrella 15% of the primary GL/E&O + Auto Load

| | |
|-------------|------------------------------|
| \$2MM Limit | 1.2 x \$1MM Umbrella Premium |
| \$3MM Limit | 1.4 x \$1MM Umbrella Premium |
| \$4MM Limit | 1.6 x \$1MM Umbrella Premium |
| \$5MM Limit | 1.8 x \$1MM Umbrella Premium |

Auto Load:

For accounts with fleets LESS than 25 vehicles and NO heavy or extra heavy vehicles use 20-30% of the underlying automobile liability premiums.

For accounts with fleets GREATER than 25 vehicles OR with any heavy or extra heavy vehicles use the following rate per Auto unit.

Rates are – \$1,000,000 limit excess of \$1,000,000 each occurrence.

| Type | Local | Intermediate |
|------|-------|--------------|
| PPT | 115 | 135 |
| LT | 210 | 240 |
| MT | 285 | 310 |
| HT | 625 | 780 |
| XHT | 1,165 | 1,465 |

Minimum Premiums:

| | |
|------------|---------|
| First Mil | \$1,500 |
| Second Mil | \$1,000 |
| Third Mil | \$1,000 |
| Fourth Mil | \$1,000 |
| Fifth Mil | \$1,000 |

17. LOSS CONTROL

AIG Programs is committed to quality and cost effective loss control. The most cost effective way to accomplish this is through the combination of telephone and on-site risk management surveys. 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 PA's review.

Loss control services are provided by Global Loss Prevention and its approved subcontractors. Services include telephone and on-site surveys, quarterly loss and claims analysis, and monitoring of services for appropriateness and expenses. Telephone training seminars are available at no cost to the insured. Also, insureds are provided a means to easily obtain criminal background records on employees at a low cost.

Refer to QWIKNOTES loss control section for specific requirements.

(Please contact Global Loss Prevention for Program-specific Loss Control requirements)

18. NON-RENEWAL

Many states have non-renewal laws in existence to provide the framework under which the non-renewal must be processed. In absence of such laws, there are often terms in the policy or in nationwide or state-specific amendatory endorsements which provide the requirements. Non-renewals must be processed in compliance with applicable state laws.

19. MATERIAL CHANGE IN COVERAGE/RATE INCREASES

Many states require notification of any change in premium (includes not only base rate changes, but the premiums charged to an 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.

The underwriting authority within these guidelines is granted to Brownyard Programs, Inc. and may be delegated to others in writing, but no broader than what is delegated to you. Any authority previously extended is hereby rescinded. Authority is to be used with discretion, as individual risks falling within the scope of the authority granted herein may vary. Whenever a questionable situation is confronted, it should immediately be referred for consideration. All authority granted herein is further subject to limitations and guidelines as outlined in the Company underwriting manuals and bulletins, and, as amended from time to time.

ACKNOWLEDGEMENT AND ACCEPTANCE

This Underwriting Guideline and the authority grant within, supercedes any previous document outlining underwriting requirements and authority. Only the terms of this written statement apply to the conduct of your underwriting responsibility. Verbal expressions of underwriting authority do not alter the terms of this Statement.

I acknowledge and accept the terms and conditions set forth in this Statement.

Acknowledged By:

BRODIE W. BROWN

Name of Recipient/Designee

Signature of Recipient/Designee

Date

5/5/14

Delegated By:

Adam Yasan

Name of Grantor

Signature and Title

V.P. / PLM

Date

5/5/2014