



## AIG Programs

### Non-Admitted Program Underwriting Authority

#### CHAMP – (Condominium, Hotel and Motel Program)

Edition Date:	03/01/2015
Program Administrator:	CPI-CC Care Providers Insurance, Inc. DBA NSM Insurance Group 555 North Lane, Suite 6060 Conshohocken, Pa. 19428
Principal(s):	Geoffrey T. McKernan Michael Egan, Program Director
Program Description:	Multi Line Package and Umbrella Liability on Coastal Condominiums and Express Hotels
Program Manager:	Agnes W. Pharo
Program Inception:	March, 2001
Division:	66 – AIG Programs
Related PUC Numbers:	0077- Package; 0078 Umbrella 020 – Package CHAMP Express Hotels 7318-Coastal Hotel/Motel Program
Program Territory:	All Coastal States from Texas to Maine**Refer to underwriting section for territorial limitations
Program Commission:	Coastal Condo PKG. 24.50% Coastal Condo XS 20.0% CHAMP Express Hotels – PKG. 22.0%

**CONFIDENTIAL – FOR INTERNAL AIG PROPERTY AND CASUALTY PURPOSES  
ONLY**





## CONTENTS

1. Program Overview .....	4
1.1 Eligible Business – Program description .....	4
1.2 Ineligible Business .....	5
2. Authority .....	6
2.1 Insurance Companies .....	6
2.2 Lines of Business / Premium / Operating System .....	6
2.3 Named Insureds .....	7
2.4 Limits Authority .....	7
2.5 Windstorm and Earthquake CAT Management Referrals .....	9
2.6 Adherence to Rules/Loss Costs/Forms .....	9
2.6.1 ISO products / AAIS Products / Proprietary Products .....	9
2.7 Policy Term .....	10
2.8 Pricing Authority .....	10
2.8.1 ISO “Refer to Company” Rules – N/A .....	10
2.9 Limitations to Authority .....	11
2.9.1 Limitations: General Limitations .....	11
2.9.2 Limitations: Coverages .....	11
2.9.3 Limitations: Policy Terms and Conditions .....	12
2.10 State Surplus Lines Taxes, Stamping Fees, Surcharges and Other Fees .....	13
2.11 Policy Issuance Authority and Service Standards .....	13
2.12 Approved Coverage Forms and Endorsement Authority .....	13
2.13 Delegation of Authority .....	13
2.14 Surplus lines handling and related considerations .....	14
3. Program Underwriting Rules .....	14
3.1 Underwriting File/Documentation Requirement .....	14
3.1.1 Property File Documentation Requirement .....	15
3.1.2 General Liability File Documentation Requirement .....	15
3.1.3 Umbrella / Excess Casualty File Documentation Requirement .....	15
3.2 Applications .....	15
3.3 Account Clearance/Reservation in ‘e Start’ .....	16
3.4 Account Summary Worksheet .....	16



- 3.5 Loss Runs/Loss Analysis .....16
- 3.6 Referral Process / required documentation .....17
- 3.7 Deductibles / SIR Procedures .....18
- 3.8 Quotation.....18
  - 3.8.1 Surplus Lines requirements for quotations.....18
- 3.9 Binders .....18
  - 3.9.1 surplus lines requirements for binders .....19
- 3.10 Other Underwriting Considerations .....19
  - 3.10.1 Declinations/Non Renewals/Cancellations .....19
  - 3.10.2 Material Change in Coverage/Rate Increases.....20
  - 3.10.3 State Specific Amendatory Endorsements and policy Notices .....20
  - 3.10.4 Headquarters State Rule .....20
  - 3.10.5 Terrorism Risk Insurance Act (TRIA).....20
  - 3.10.6 Office of Foreign Assets Control (OFAC).....20
  - 3.10.7 Commission – Policyholder Notice .....21
- 4. Administration and Service .....21
  - 4.1 Loss Control.....21
  - 4.2 Premium Installments and Financing.....21
- 5. Acknowledgement and Acceptance.....22
- 6. Addenda – Line of Business GUIDANCE: Loss Costs/Rules/Forms .....23
  - 6.1 Property / Inland Marine / Crime .....23
    - 6.1.1 Approved Rates and Rules – Property / Inland Marine / Crime.....25
    - 6.1.2 Approved Forms - Property / Inland Marine / Crime.....26
  - 6.2 General Liability .....28
    - 6.2.1 Approved Rates and Rules – General Liability - Rates Specific to this program, approved by Lexington Insurance Company as follows: .....28
    - 6.2.2 Approved Forms – General Liability .....30
  - 6.3 Excess / Umbrella.....32
    - 6.3.2 Approved Forms – Excess Umbrella .....33
  - 6.4 Miscellaneous Coverages.....34
  - 6.5 SURPLUS LINES FORMS – MANDATORY USE .....34
  - 6.6 Referral Summary Reference Guide .....35



## 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. PROGRAM OVERVIEW

### 1.1 ELIGIBLE BUSINESS – PROGRAM DESCRIPTION

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

Eligible Risks:

**a) Condominiums and Condominium Associations; Business Express Hotels and Coastal Hotel/Motel accounts described as hotels/ motels including, but not limited to, pools and ancillary operations such as restaurants, Gift Shops, Spas, Gyms and Hot Tubs risks within 25 miles of the coast located in the States of Texas up through Maine. Refer to underwriting section for specific territorial limitations.**

In addition, We require the following account attributes\*:

- At least five (5) years in operation.
- 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, 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).
- 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.\*\*

Additional Underwriting Criteria for Hotel/Motel Property:

- The premises must be located in a protection class 1-8.
- Room interiors should be modern and attractive.



- No portable space heaters or gas cooking facilities are permitted in sleeping rooms.
- Ownership must have at least three years experience in motel/hotel management.
- Occupancy rate should average no less than 55% on a yearly basis.
- Must not have prior bankruptcy or insolvency history.

Any insured having premiums over \$50,000 must have a financial statement indicating good current and debt to net worth ratios.. Less than 75% occupancy would require additional review.

\* 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, an Experian score of twenty five (25) or higher and not operating under any chapter of the US Bankruptcy code are acceptable as an alternative (with proper file documentation). Otherwise, you must submit the account to your Program Manager along with a copy of their current audited financial statements for approval prior to quote.

## 1.2 INELIGIBLE BUSINESS

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

Ineligible Risks:

Condominiums

- Urban Condominiums
- Risks located in Protection Class 9 or 10
- Homeowners Associations unless they function in manner similar to a condo association where the association is responsible for the purchase of Property Insurance

Express Hotels

- Hotel/Motel over 150 Units
- Long Term rental/leasing unit
- "Dude" Ranches
- Detention Centers
- Group Housing Facilities
- Affordable Housing
- Apartments
- Assisted Living
- Camps
- Risks having outside entrance direct access to rooms.
- Vacant Properties
- Gambling Casino Hotels
- Rooming house-boarding house
- Any risk that has been non-renewed/cancelled by current carrier for underwriting reasons or non-



payment of premium.

- Any risk that is not recommended for coverage by Loss Control or fails to comply with critical recommendations as defined by AIG consultants, within the time frame established by AIG Consultants must be referred to the Program Manager if not declined or non-renewed.
- Risks with aluminum wiring unless 100% of the connections have been retrofitted (pigtailed) according to the National Fire Protection Association standards by a licensed electrical contractor.
- Open-building or Over-water structures.
- Any Hotels without tagged fire extinguishers (or unless purchased in the last 12 months.)
- Any Hotels without smoke alarms.
- Any Hotels without deadbolt locks and peep holes on the entry doors.
- Any Hotels containing:
  - a. Nightclubs
  - b. After hours clubs
  - c. Gentlemen’s clubs
  - d. Cabaret shows
  - e. Restaurants that do not have an automatic fire extinguishing system and the system as well as all hoods and ducts must be on a scheduled maintenance/cleaning contract.
- Any risk with any of the following characteristics:
  - i. Armed guards
  - ii. Guard dogs and/or owner’s or staff’s personal dog on premise
  - iii. Athletic/contests/comedy clubs/dancing events or other unspecified events that the hotel is sponsoring or engaging in.
  - iv. Offsite catering
  - v. Any hotel/motel offering an option for less than a full night stay

## 2. AUTHORITY

### 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 AUTHORITY	OPERATING SYSTEM`
Commercial Property/Inland Marine	\$100,000	Coverall
Commercial Package Policy	\$125,000	Coverall
Commercial General Liability	\$50,000	Coverall
Commercial Automobile	\$ n/a	Coverall
Commercial Crime Coverage	\$10,000	Coverall
Umbrella Liability Coverage	\$25,000	Coverall
The sum of all policies and/or coverage's written for one insured	\$185,000	

### 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	
<b>PROPERTY</b>		
Commercial Property and/or Inland Marine	\$20,000,000	Maximum Amount Subject (gross) in Protection Class (PC) 1 - 8
	\$10,000,000 (Frame)	
	\$25,000,000	Total Insured Values in PC 1 – 8
	\$	
	\$	
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*),	\$15,000,000	All areas, except: Charleston and Berkeley Counties, SC
	\$10,000,000	
Earthquake Sprinkler Leakage – 250 Year MMI Zones 1 – 6.99 (derived from RiskMeter*),	\$ 15,000,000	All areas, except: Charleston and Berkeley Counties, SC
	\$10,000,000	
Flood – RiskMeter flood score over 40	No Authority	
Flood – RiskMeter flood score 10 - 40	\$ 500,000	
* See Qwiknotes for Information on RiskMeter		
Wind/Coastal Property	Refer to Addenda attached to this Authority document	
Equipment Breakdown	Per Equipment Breakdown Addendum	See Section 6 for Equipment Breakdown Addendum.
<b>CRIME</b>		
Commercial Crime (1): Employee Theft Forgery or Alteration (1) Includes Employee Benefit Plans – when scheduled on the Declarations Page	\$100,000	Per Occurrence
All other Commercial Crime	\$10,000	Per Occurrence



GENERAL LIABILITY, AUTOMOBILE, GARAGE, UMBRELLA	Limits	
Commercial General Liability and Products Liability	\$1,000,000	Each Occurrence
	\$2,000,000	General Aggregate
	\$2,000,000	Products-Completed Operations Aggregate
Medical Payments	\$ 10,000	
Personal/Advertising Injury	\$1,000,000	Each Occurrence
Damage to Premises Rented to You	\$ None	
Liquor Liability	\$ None	Each Occurrence
	\$	Annual Aggregate
Commercial Umbrella	\$5,000,000	Each Occurrence
	\$	General Aggregate Limit

## 2.5 WINDSTORM AND EARTHQUAKE CAT MANAGEMENT REFERRALS

See Additional underwriting section in these guidelines

## 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 SERVICES ORGANIZATION	AAIS	PROPRIETARY PRODUCTS
Commercial General Liability		Enhanced Property Forms
Commercial Auto		Equipment Breakdown
Commercial Property		Commercial Umbrella
Commercial Crime		Property Endorsements as attached to this Authority document

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
- Loss Costs, Expected Loss Potentials and/or Rates
- Increased Limits Factors
- Rating Plans
- Classification Plans
- Manual Rules
- Package Modification Factors



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/loss costs, rules, forms and loss cost multipliers, 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

AAIS Rating Plans for the following lines of business:	No Authority
Use of ISO Experience and Schedule Rating and IRPM	Not applicable
ISO 'a' 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 (PropertyOne Rating Plan)	No Authority
Consent to Rate Rules	No Authority
Program Specific Rates developed and approved by Lexington	Approved

### 2.8.1 ISO "REFER TO COMPANY" RULES – N/A



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.
- Where a policy is ISO ‘a’ or ‘range’ rated, documentation supporting the rate selected and where needed, approved by the Program Manager.
- Declarations Page (including full legal address of the insured).
- All correspondence pertaining to coverage or premium, including referrals.
- Referral approvals, declinations, if any.
- All quotes retained in a .pdf format along with the email cover letter.
- All 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. [Not applicable to this Program](#)

---

### 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. [Not applicable to this Program](#)

---

### 3.1.3 UMBRELLA / EXCESS CASUALTY FILE DOCUMENTATION REQUIREMENT

- a. Umbrella pricing worksheet including reason for pricing deviations.
- b. UM/UIM offer, acceptance & rejection forms where required
- c. For all scheduled underlying policies that we do not write:
  1. Loss runs or a letter of 'no known losses' where applicable – see Section 3.5
  2. Declarations pages from non AIG underwriting policies with writing company, premium, limits, policy periods, and for GL, a form schedule.
- d. Umbrella policy when issued.
- e. Schedule rating worksheets (including those written with a unity (1.00) mod) and justification for all schedule credits/debits applied.

## 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 1<sup>st</sup> 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
- Commissions
- 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 1<sup>st</sup> 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. )

---

### 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.

### 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 \_\_04/04/2015\_\_\_\_\_.

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

**Acknowledged By:**

**Delegated By:**

\_\_\_\_\_  
Name of Program Administrator

\_\_\_\_\_  
Name of Insurers

\_\_\_\_\_  
Name of Recipient/Designee

\_\_\_\_\_  
Name of Grantor

\_\_\_\_\_  
Title of Recipient/Designee

\_\_\_\_\_  
Title of Grantor

\_\_\_\_\_  
Signature of Recipient/Designee

\_\_\_\_\_  
Signature of Grantor

\_\_\_\_\_  
Date

\_\_\_\_\_  
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.**

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. ***(A building that has had significant upgrades can be considered newer. As an extreme example, a building that was built in 1910, but was completely renovated and turned into condos in 2005, would be considered to be 2005.)***

***For Windstorm underwriting purposes, if the roof has been completely replaced to a new construction code standard, , for modeling purposes you may consider the roof of that building to be constructed as of the renovation date.***

***If windows and doors have been replaced with those of a new code / standard, for modeling purposes you may consider those building elements to be "constructed" as of the renovation date.***

The Business income worksheets requirement in Qwik Notes is replaced by the following, but ONLY for Condominium exposures: ON CONDOMINIUMS, BUDGET REPORTS ARE ACCEPTABLE in lieu of business income worksheets..

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

The Protective Safeguard endorsement using the following wording is mandatory for all policies: "P-9 - Pipes drained or heat maintained at 40 degrees or higher to prevent freezing pipes". THIS APPLIES ONLY TO ACCOUNTS LOCATED NORTH OF VIRGINIA

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.





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.

If covered property, as referenced above, consists of multiple buildings that are physically separated, but by less than the prescribed distances shown, the amount subject may also be calculated as follows: the highest sum of total values for any three physically separated (but deemed contiguous due to lack of sufficient clear space) buildings at such location. The underwriting file must be clearly documented as respects this calculation.

Clear spaces 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.

**Program specific:**

All risks within 3 blocks of the coast are required to have the maximum available Federal Flood Limits in full force and effect, on all buildings to be covered, for the entire duration of our policy period.

It is strongly recommended that placement of Federal Flood coverage, for maximum available limits, is identified for any risk being insured under this program.

**Specific Guidelines to Hotel/Motel Property**

- Accommodations must be open for a minimum of 6 months of the year and should not be made for long-term tenants. Rentals for less than a 24-hour period are prohibited. Premises must comply with all ADA regulations.
- Buildings over three stories must be fully Sprinklered, not including parking garages.
- Owners or managers should have a minimum of five years hotel/motel management experience. The location must have been under the same ownership for 5 years.
- There must be a manager on premises at all times.
- All units must be equipped with a smoke/fire detection alarm. If the rooms are not equipped with hard wired smoke detectors it is required that, at a minimum, common areas are hard wired with audible alarm to front desk. Battery powered units must be checked monthly; such checks are to be documented in written form. Hard wired smoke detectors throughout the facility with audible alarm to front desk or central station connection is highly desirable on any building over three stories in height.



- Sprinkler systems should have a minimum of water flow local gong or electric bell audible at the front desk—central station or fire department connection is preferred. Desk personnel should have access to sprinkler valve and be trained how to shut off the valve in the event of pipe break or head failure.
- Laundry equipment and hot water tanks should be at grade level or below. Exceptions can be made after review of loss history confirming no problems with water damage claims and floor drains in place with sufficient capacity to handle overflow.

### Restaurants and Coffee Shops

All the following NFPA requirements must be met:

- A metal hood and duct covering all cooking areas must be installed.
- Hoods and ducts must have at least 18-inch clearance from combustible material.
- Filters must be cleaned daily or as needed.
- Interior of hoods and ducts must be inspected weekly and cleaned as needed. An outside professional cleaning service with a written contract must be required.
- For other than electric appliances, provisions should be made for fuel shut-off upon actuation of the automatic fire protection system.
- Deep fat fryers must have a high temperature limit switch, in addition to the operating thermostat, which will shut off electricity or fuel to the fryer if fat temperature exceeds 475 F, and automatic extinguishing system.
- Approved BC fire extinguishers must be provided in the cooking area.

All General Underwriting criteria as per supplemental applications must be acceptable. Submissions must contain at least three years of hard copy loss information provided by the carrier.

The company accepts ACORD Applications.

---

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

RATING:

1. For States located in the Northeast, from Virginia to Maine, the following rates will apply.



CHAMP Rates for Va.  
to Maine 2015.doc

2. For all other States Coastal regions through Texas the following shall apply:
  - Each location will be modeled to determine the AAL for that location utilizing RMS:
  - Use the attached updated AAL Multipliers



- In addition, a separate AOP premium for the non-wind portion of the account shall be determined using the following minimum AOP rates applied to the TIV:

Minimum AOP Rates: (Condominiums)-\$2500 AOP Ded.		(Express Hotels) AOP Ded. \$2500/5,000	
Frame	\$.20	Frame, Light Metal Frame & Brick Veneer	\$.32/.285
Joisted Masonry	\$.175	Joisted Masonry & Non-Combustible	\$.28/.25
Masonry Non Combustible	\$.125	Masonry Non Combustible	\$.20/.18
Fire Resistive	\$.10	Fire Resistive	\$.16/.145

The total property premium will be the combination of the calculated Wind Premium + AOP Premium.

On renewal policies, we agree to cap any change in AAL to +/- 10%.

**No renewal policy's rate may be decreased by more than 10% off the expiring rate, and no rate may exceed 20% off the stated minimum rate, without referral.**



CHAMP AAL By State  
Allocation For Expans



Updated Wind  
Deductible Percentag

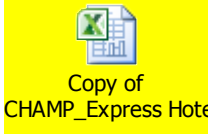
### Earthquake - rates

Minimum of \$.01 to \$.015 per \$100 TIV – Deductible \$25,000 all locations except Charleston and Berkeley Counties of S.C

2% deductible will apply to TIV subject to \$25,000 minimum in Charleston and Berkeley Counties, SC.

#### 6.1.2 APPROVED FORMS - PROPERTY / INLAND MARINE / CRIME

FORM #	PROPERTY FORM TITLE	LIMITATIONS
<b>MANDATORY ATTACHMENTS – ALL POLICIES</b>		



**Forms list for Property and Crime, see tabs in workbook**

FORM #	CRIME	LIMITATIONS
--------	-------	-------------

It is our intent to migrate our Crime policies to the Actual Loss Sustained form as follows:

Effective immediately, all *new* Crime business should be written using ISO's Actual Loss Sustained coverage form (CR 0021).

In the event there is a desire to write a new Crime policy on the 'Discovery' form, it requires a referral and prior approval by the Program Manager utilizing a retroactive date that is concurrent with the inception date of our policy. However, use of this form is strongly discouraged.

Renewals of existing business currently written on the 'Discovery' form (CR 0020) may continue as long as form CR 2005, Retroactive Date Endorsement, is attached and properly completed (no earlier than the original date AIG assumed coverage on consecutive renewals.)

Forms included  
in the above XL  
workbook



## 6.2 GENERAL LIABILITY

### 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.

The company accepts ACORD Applications.

### 6.2.1 APPROVED RATES AND RULES – GENERAL LIABILITY - RATES SPECIFIC TO THIS PROGRAM, APPROVED BY LEXINGTON INSURANCE COMPANY AS FOLLOWS:

Condominium GL Rating only:

<b>NJ and North</b>	<b>\$100-\$150 per unit</b>
<b>DE &amp; MD</b>	<b>\$75-\$125 per unit</b>
<b>VA and SC</b>	<b>\$40-\$60 per unit</b>
<b>Georgia</b>	<b>\$60-\$80 per unit</b>
<b>Alabama</b>	<b>\$110-\$135 per unit</b>
<b>Florida –Miami</b>	<b>\$110-\$135 per unit</b>
<b>Florida – All Other</b>	<b>\$75-\$100 per unit</b>
<b>Louisiana</b>	<b>\$120-\$135 per unit</b>

No additional credit will be allowed on the low end of the rate range. Files must show the risk characteristics which determine the rate utilized within the range indicated above.

ISO rating should be utilized where there is an additional liability exposure such as pool, retail, etc.

Any request for lower pricing indicated above, must be referred to the Program Manager.

**EXPRESS HOTELS: Rating**



<u>Territory</u>	<u>GL Base Rate per Unit</u>
Alabama	\$ 125
Connecticut	\$ 150
Delaware	\$ 100
Florida - Excluding Tampa, St. Pete, Broward, Dade and Palm Beach	\$ 175
Florida - Tampa & St. Pete	\$ 200
Florida - Broward, Dade and Palm Beach	\$ 450
Georgia	\$ 175
Louisiana - Excluding New Orleans	\$ 400
Louisiana - New Orleans	\$1,000
Maryland	\$ 150
Massachusetts	\$ 300
Mississippi	\$ 150
New Jersey - Excluding Atlantic City	\$ 750
New Jersey - Atlantic City	\$ 1,500
New York	\$ 500
North Carolina	\$ 75



Oklahoma	\$ 200
Rhode Island	\$ 400
South Carolina	\$ 125
Texas	\$ 150
Virginia	\$ 125

Base rates must be utilized and can be modified as per Credit and Debit Worksheet Addendum

## 6.2.2 APPROVED FORMS – GENERAL LIABILITY

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

FORM #	GENERAL LIABILITY FORM TITLE	LIMITATIONS
<b>MANDATORY ATTACHMENTS – ALL POLICIES</b>		
91222 (04/13)	Policyholder Notice - Commission	None
CG 0001 (04/13)	Commercial General Liability Coverage Form	Except FL, HI
CG 0001 (12/07)	Commercial General Liability Coverage Form	FL, HI
82795 (01/08)	Violation of Statutes Endorsement	FL, HI



89644 (06/13)	Economic Sanctions Endorsement (OFAC)	All states except AK
96556 (02/08)	Policyholder Disclosure Notice of Terrorism Insurance Coverage	
IL 0021 (09/08)	Nuclear Exclusion	Except HI, NE, NY, WA
IL 0021 (07/02)	Nuclear Exclusion – HI	HI
IL 0023 (07/02)	Nuclear Exclusion – NY	NY
62898 (07/12)	Radioactive Matter Exclusion	
CG 2147 (12/07)	Employment Related Practices Exclusion	Except TX
CG 2639 (12/07)	Employment Related Practices Exclusion – TX	TX
CG 2146 (07/98)	Abuse or Molestation Exclusion	Except HI, IL, NJ, TX, VT
CG 2646 (04/99)	Abuse or Molestation Exclusion	TX
113513 (03/13)	Abuse or Molestation Exclusion	NJ, VT
IL 0017 (11/98)	Common Policy Conditions	All states except WA
58332 (08/07)	Lead Exclusion	Except AK, CA, LA, MA, ME, NH, NJ, NY, OK, TX, VA
58332 (07/93)	Lead Exclusion – CA, LA, OK, TX, VA	CA, LA, OK, TX, VA
111516 (08/12)	Lead Exclusion – MA	MA
96571 (11/07)	Lead Exclusion – NJ	NJ
96832 (12/07)	Lead Exclusion – NY	NY
64004 (07/12)	ERISA Exclusion	
78689 (07/03)	Fungus Exclusion	Except AK, GA, KS, LA, MA, NH, NY VA, WA
78689 (08/01)	Fungus Exclusion – VA	VA
CG 2167 (12/04)	Fungus Exclusion – GA, KS, NH	GA, KS, NH
CG 3210 (04/05)	Fungus Exclusion – LA	LA
78379 (04/02)	Fungus Exclusion – MA	MA
82540 (07/12)	Asbestos and Silicosis Exclusion	Except LA, NY
90024 (10/05)	Asbestos and Silicosis Exclusion – LA	LA
96834 (03/08)	Asbestos and Silicosis Exclusion - NY	NY
CG 2149 (09/99)	Total Pollution Exclusion	Except AK, IL, MN, TX, VA, VT
CG 3267 (09/08)	Total Pollution Exclusion – AK	AK
IL 0003 (09/08)	Calculation of Premium	Except HI, NE, NY
IL 0185 (08/08)	Calculation of Premium - NY	NY
CG 2106 (05/14)	Exclusion - Access or Disclosure of Confidential or Personal Information (Coverage B only)	New - ISO mandatory. Except MD
PRG 3181(06/06)	Cross Suits Endorsement	





PRG 3190(06/06) Designated Work Exclusion (Attach whenever a contractor or developer has been added to the CGL Policy,)  
 \*\*We should avoid doing this as a practice.

OPTIONAL  
 ENDORSEMENTS

CG04190196	Hired & Non-Owned Automobile Liability
CG 21 51 (09/89)	<u>Amendment of Liquor Law</u>
CG 20 02 (11/ 85)	<u>Additional Insured – Condo Unit Owners</u>
Hotels	
CG 0033	Liquor Liability – within GL policy, not a separate policy- Limits not to exceed \$1,000,000/\$1,000,000
Various ISO Forms	Additional Insured if coverage required under contract with ISO rates charged
59783	Employee Benefits Liability (Coverall Mandatory \$1,000 Deductible applies)

**PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS**

6.3 EXCESS / UMBRELLA

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

See the Qwik notes for our Umbrella underwriting guidelines.

Umbrella coverage is only applicable to the Condominium Program

The Primary General Liability policy **must be written** by a Chartis 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.**

**Rates Approved for this program:**

\$1M - \$600 per mill - \$600 premium

\$2M - \$550 per mill - \$1,100

\$3M - \$500 per mill - \$1,500

\$4M - \$450 per mill - \$1,800

\$5M - \$400 per mill - \$2,000

**6.3.2 APPROVED FORMS – EXCESS UMBRELLA**

FORM #	STANDARD UMBRELLA FORM TITLE	LIMITATIONS
<b>MANDATORY ATTACH: ALL STANDARD UMBRELLA POLICIES</b>		
91222 (04/13)	Policyholder Notice - Commission	None
96556 (1/08)	Policyholder Disclosure Notice of Terrorism Insurance Coverage	
89644 (06/13)	Economic Or Trade Sanctions Condition Endorsement	All states except AK
89644 (07/05)	Economic Or Trade Sanction Condition	AK
57696 (10/04)	Commercial Umbrella Declarations	None
57697 (10/04)	Standard Commercial Umbrella	None
57833 (6/93)	Schedule of Underlying Insurance	None
81256 (3/06)	Act of Terrorism Self Insured Retention Endorsement	Except FL, OH, OK
94126 (2/07)	Certified Act of Terrorism Self-Insured Retention Endorsement (Florida Only)	FL only
86435 (8/09)	Aircraft Products And Grounding Exclusion	
83823 (1/04)	Anti Stacking Endorsement	Except VA
60441 (5/94)	Cross Suits Exclusion	
60436 (5/94)	D&O Liability Exclusion	
74562 (10/03)	EIFS Exclusion	Except AL
89438 (6/05)	Employee Benefits Liability Exclusion ( <i>do not attach if providing EBL</i> )	



81510 (2/03)	Formaldehyde Exclusion Endorsement	
78691 (08/01)	Fungus Exclusion	Except MA, WA
79380 (4/02)	Fungus Exclusion - MA	MA
89440 (6/05)	Knowledge of Occurrence	
86436 (8/04)	Lead Exclusion	Except ME, NH
87251 (12/04)	Liquor Liability Exclusion	
91022 (5/06)	Advertising Injury and Personal Injury Limitation Endorsement	
86379 (8/04)	Pre-existing Damages and Defects Exclusion	
60458 (9/07)	Professional Liability Exclusion	
63841 (1/04)	Radioactive Matter Exclusion	
60423 (5/94)	Sexual Abuse Or Molestation Exclusion	Except IL, NE, VT
81522 (2/03)	Silica Exclusion	
57725 (6/93)	Subsidence Exclusion	
62221 (3/03)	Total Pollution Exclusion	Except IL, LA, VT
79346 (3/02)	Total Pollution Exclusion With Building Equipment and Hostile Fire Exception (Louisiana)	LA only
87260 (12/04)	Violation of Communication Law Exclusion	
82852 (8/03)	Disclosure Notice - Formaldehyde	TX only
82851 (8/03)	Disclosure Notice – Lead	TX only
82854 (8/03)	Disclosure Notice – Asbestos	TX only
<b>PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS</b>		

## 6.4 MISCELLANEOUS COVERAGES



Champ PA's EB  
Guidelines 2014.doc  
Equipment Breakdown Coverage

## 6.5 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 having 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:

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

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

## 6.6 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	2.9.3.3



also be required.	
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