



## AIG Programs

### Program Underwriting Authority

### Moving and Storage Program

**Edition Date:** 4/1/16

**Program Administrator:** Paul Hanson Insurance Services  
1319 First St.  
Napa, CA 94559

**Principal(s):** Lisa Paul, President, CEO  
Matt Schiefferly, CFO and Principal  
Cory Tiebout, Principal

**Program Description:** The Moving and Storage Program is focused on household goods movers, who own or lease a permanent storage facility and whose employees and exclusive contractors conduct all loading and unloading. These movers may be independent (not affiliated with a national van line) or agents of a national van line. All property/casualty lines (except WC) are available in the program. Last Mile Delivery (LMD) is a program for logistics companies that are contracted by retail stores to deliver furniture and appliances to the homes of customers. These Logistics Companies may



have terminal locations and also utilize contractors to deliver, set up, and install furniture and appliances as necessary. LMD also includes delivery of furniture, appliances, and similar commodities from the warehouse of the retailers directly to warehouses for final distribution. All Property/Casualty Lines (except WC) are available in this program.

Program Manager: Howard Blute  
Program Inception: April, 2002  
Division: 66 – AIG Programs  
Related PUC Numbers: 0912 - Pkg.  
0913 - XS  
0910 - Pkg. Direct Bill  
0911 - XS Direct Bill  
0039 - PODS Pkg.  
0040 - PODS XS  
0924- PODS Pkg. DBill  
0925- PODS XS DBill  
0045-Movers Choice Transfer PKG  
0046-Movers Choice Transfer XS  
0047-Movers Choice Transfer PKG DBill  
0048-Movers Choice Transfer XS DBill  
0049-Last Mile Delivery(LMD) Pkg DBill  
0050-LMD PKG  
0051-LMD XS DBill  
0052-LMD XS  
0053-Non Truck Liab(NTL) PKG  
0926- Non Truck Liab (NTL) PKG DBill



Program Territory: United State of America excluding all territories and possessions.

Program Commission: 23% - Auto  
19% - Umbrella  
23% - Package  
17%- LMD All Lines



**TABLE OF CONTENTS**

1. Program Overview ..... 54

    1.1 Eligible Business – Program Description ..... 54

    1.2 Ineligible Business ..... 96

2. Authority ..... 107

    2.1 Insurance Companies ..... 107

    2.2 Lines of Business / Premium / Operating System ..... 107

    2.3 Named Insureds ..... 108

    2.4 Limits Authority ..... 118

    2.5 Windstorm and Earthquake CAT Management Referrals ..... 1411

    2.6 Adherence to Filed Rules/Loss Costs/Forms ..... 1411

        2.6.1 ISO Products / AAIS Products / Proprietary Products ..... 1411

        2.6.2 New York Free trade Zone (NYFTZ) ..... 1512

    2.7 Policy Term ..... 1512

    2.8 Pricing Authority ..... 1512

        2.8.1 ISO “Refer to Company” Rules ..... 1613

    2.9 Limitations to Authority ..... 1613

        2.9.1 Limitations: General Limitations ..... 1613

        2.9.2 Limitations: Coverages ..... 1714

        2.9.3 Limitations: Policy Terms and Conditions ..... 1814

    2.10 State Surcharges and Fees ..... 1815

    2.11 Policy Issuance Authority and Service Standards ..... 1915

    2.12 Approved Coverage Forms and Endorsement Authority ..... 1915

    2.13 Delegation of Authority ..... 1916

    2.14 Underwriting Guidelines - Qwik Notes ..... 2016

3. Program Underwriting Rules ..... 2016

    3.1 Underwriting File/Documentation Requirement ..... 2016

        3.1.1 Property File Documentation Requirements ..... 2117

        3.1.2 General Liability File Documentation Requirements ..... 2117

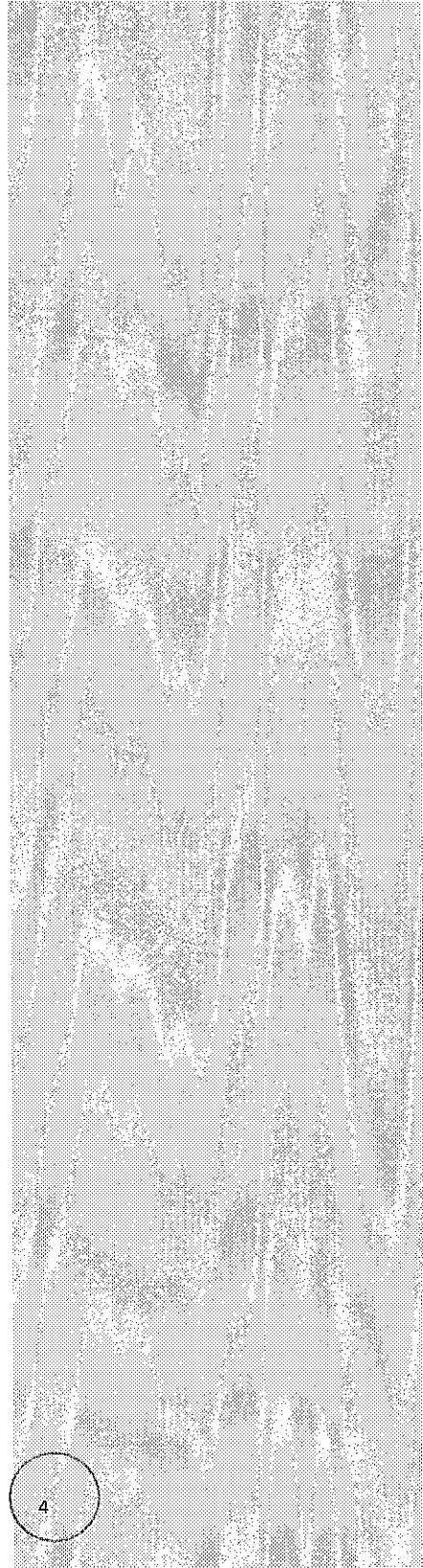
        3.1.3 Automobile File Documentation Requirements ..... 2117

        3.1.4 Umbrella / Excess Casualty File Documentation Requirements ..... 2118

    3.2 Applications ..... 2118



3.3	Account Clearance/Reservation in 'e Start' .....	<u>2219</u>
3.4	Account Summary Worksheet .....	<u>2219</u>
3.5	Loss Runs/Loss Analysis .....	<u>2319</u>
3.6	Referral Process / Required Documentation .....	<u>2319</u>
3.7	Deductibles / SIR Procedures.....	<u>2420</u>
3.8	Quotation .....	<u>2420</u>
3.9	Binders .....	<u>2421</u>
3.10	Other Underwriting Considerations .....	<u>2522</u>
3.10.1	Cancellations/Non Renewals .....	<u>2522</u>
3.10.2	Declinations.....	<u>2522</u>
3.10.3	Material Change in Coverage/Rate Increases .....	<u>2522</u>
3.10.4	State Specific Amendatory Endorsements.....	<u>2522</u>
3.10.5	Headquarters State Rule .....	<u>2622</u>
3.10.6	Terrorism Risk Insurance Act (TRIA).....	<u>2623</u>
3.10.7	Office of Foreign Assets Control (OFAC) .....	<u>2623</u>
3.10.8	Commission – Policyholder Notice .....	<u>2623</u>
4.	Administration and Service.....	<u>2723</u>
4.1	Loss Control .....	<u>2723</u>
4.2	Premium Installments and Financing .....	<u>2724</u>
5.	Line of Business Guidance: rates and Rules.....	<u>2724</u>
5.1	Property / Inland Marine / Crime: Approved rates and Rules.....	<u>2824</u>
5.2	General Liability – Approved rates and Rules.....	<u>3329</u>
5.3	Automobile – Approved Rates and Rules .....	<u>3530</u>
5.4	Excess / Umbrella: Approved Rates and Rules .....	<u>3630</u>
5.5	Miscellaneous Coverages: Equipment Breakdown.....	<u>3630</u>
6.	Acknowledgement and Acceptance .....	<u>3832</u>





**NOTICE – PLEASE READ CAREFULLY**

This Program Underwriting Authority (the “Authority”) set forth the terms and conditions pursuant to which the Program Administrator named in Section 6 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.

Periodically during the year you may receive a change from us that directly correlates to this Authority document. That change will be deemed to be effective as of the date of the publication of the bulletin unless otherwise specified. Such changes, which may include rates, rules or form approval changes, will be integrated in to future Authority documents. The Program Administrator employee listed in Section 6, 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.

Please access our website at <http://www.aigprograms.net> for additional information as directed in this document.

Excluding any information provided by us via Bulletins to you, if there is a conflict between the instructions contained within this Authority and any other communication, this Authority shall supersede all other instructions.

Please sign the acknowledgement and acceptance form in Section 6 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 6.

**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 Moving and Storage Program (Hereinafter, the “Program”) that meet the following eligibility requirements:

**Eligible Risks:** The Moving and Storage Program is for household goods movers who own or lease a permanent storage facility and whose employees and exclusive contractors conduct all loading and unloading for local moving. These movers may be independent (not affiliated with a national van line) or affiliated with a national van line. Accounts with long haul exposure must have national affiliation with United, Mayflower or Atlas. Above average independent movers with long haul exposure may be referred.

National Van Line (United, Mayflower, National, Arpin, etc.) agents with regional long haul exposure not exceeding 45% of total power units rated as long haul are eligible for the program. These moving and storage agents retain the liability while operating under the authority of the national van line. Regions are defined according to ISO rules for zone rating. The overall number of long haul units in the program shall not exceed 20% of the total power units written in the program.

In addition to local household good moving and storage, accounts may also specialize in the:



- Movement of electronic and office equipment
- Storage and delivery of tradeshow booths and displays to convention centers in their community
- Shredding and Storage of business records
- Sale of packing materials such as boxes, dish barrels, packing paper and tape.
- PODS – Personal On Demand Storage

Incidental self-storage facilities are allowed for general liability and building coverage only – no coverage for property being stored.

**Day Movers** without a warehouse are eligible if the following additional criteria are met:

- In business for four(4) years
- Three (3) years hard copy loss runs confirming acceptable loss history
- No excluded drivers

**New Venture Movers**

- Local and intermediate radius with or without a warehouse (no long haul)
- No excluded drivers
- Five (5) years of resume experience in the moving industry
- Personal credit check of the new owner must be 620 or higher
- Use standard or sub-standard company (not preferred)
- Use AAIS forms for Warehouse Legal and Cargo until 24 months of loss runs can be developed.

**Last Mile Delivery**

- Logistics companies that are contracted by retail stores to deliver furniture and/or appliances to the homes of the stores' local customers. The logistic companies may have terminals and also perform installations of appliances and set up furniture.
- Individual owner operators hired by the logistics companies to complete the delivery and installation of appliances and/or furniture.
- Owner operators will be operating under their own D.O.T. authority and individual policies will be issued in the name of the owner operator. The logistics company may be added as an additional insured.
- Owner/Operators must adhere to driver requirements and contract carrier of the Logistics Company for whom they are working. All drivers must have at least two years . driving experience.
- Logistics companies that deliver furniture, appliances, and similar commodities from the warehouses of the retailer to warehouses for final distribution. No other commodities are permitted and accounts that backhaul will not be eligible.
- LMD contractors can be new entities operating under their own authority.
- Financial review of LMD will be at the motor carrier level.

**Non Trucking Liability(NTL)**

- Can only be written where driver is driving for one of our corporate insureds.
- Driver must have at least two years experience driving similar equipment.
- Unit to be insured must also be covered under the corporate policy.
- Expiration date of NTL policy must be the same as the expiration date of the corporate auto policy.





- NTL driver cannot be an excluded driver under the corporate policy.
- Only symbol 7 can be used for NTL.
- \$1,000,000 CSL limit applies- premium will be \$502. UM/UIM charges will be \$12 and \$8 respectively.

The corresponding Profit Unit Code(s) associated with this program are: 0910, 0911, 0912, 0913, 0039, 0040, 0924, 0925, 0045, 0046, 0047, 0048, 0049, 0050, 0051, 0052, 0053, 0926.

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

- At least three (3) years in operation for movers and LMD master agents under the same ownership (new business only; once approved, further account referrals are not needed). LMD contractors are acceptable as new business with fewer than 3 years in operation if they meet all other underwriting criteria.
- 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).
- LMD owner operators with fewer than five (5) powerunits can provide a signed statement of losses if loss runs are not available.
- The loss ratio for Property and Inland Marine coverage combined may not exceed 50% for the most recent 3 years.
- The loss ratio for General Liability may not exceed 50% for the most recent 3 years
- The loss ratio for Auto (liability and physical damage combined) may not exceed 50 % for the most recent 3 years.
- The individual line loss ratio referrals for Property/Inland marine, General Liability and Auto do not apply if the total account premium is less than \$25,000 and the total account loss ratio (excluding umbrella) is less than 40% for the most recent 3 years.
- The loss ratio for individual contractor policies under the Last Mile Delivery Program may not exceed 70% over the most recent 3 years unless the loss ratio is caused by one single loss of \$50,000 or less.
- Current policy must be active and not in the process of being cancelled or non-renewed.
- D&B credit score of 1, 2 or 3 as obtained from eStart.\*\*

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

Comment [h1]: 3 years in current guidelinesA

Comment [h2]:





**\*\*For mover and LMD master agent accounts with a D&B score of 0, 4, or 5, or where eStart indicates 'not evaluated' with an annual premium of less than 250,000, the following financial review is acceptable when documented in file:**

**For LMD Contractors with > 5 units, where no D&B score is available or D&B Score is 0, Credit score will be used to evaluate financial condition.**

- , Credit score of 6800 or more for LMD contractors
- Their payment history must be reviewed and found to be 'current'; and
- Financial Analysis must be conducted

**Acceptable Financial Analysis**

Insured's most recent balance sheet and income statement for the most recent fiscal year must be reviewed. Audited financial statements are preferred and expected for accounts generating premium in excess of \$250,000.

The liquidity ratio from the balance sheet must be equal or greater than 1.0. liquidity Ratio is the current assets divided by the current liabilities. In determining current assets, entries such as "goodwill", inventory value and or value of equipment are not to be included. If a liquidity ratio <1.00 is deemed acceptable, the reasons must be noted in the file.

The equity ratio is determined from the balance sheet and is the equity divided by total assets. This indicates how much of the operation the insured actually owns.

The income statement must be analyzed to indicate whether or not the insured is making a profit. Income statements may show a loss of up to 10% for tax purposes.

Any account that has negative liquidity, no equity in the business, and/or fails to make a profit over a two year period and is still deemed acceptable must be referred to Lisa Paul for final approval.

You have verified that the Insured is not operating under any chapter of the United States Bankruptcy code.

If the above cannot be verified, or if the account premium is in excess of \$250,000, you must submit the account to your Program Manager along with a copy of their current financial statements for approval prior to quote.

**Comment [h3]:** This is from current guidelines and Lisa had approval on accounts up to \$250,000



## 1.2 INELIGIBLE BUSINESS

You cannot quote or bind business for accounts that are outside of the parameters established above. In addition, the following risk classes are considered ineligible for this program.

### Ineligible Risks/ Activities:

#### Moving and Storage

- Freight forwarders, unless owned by the parent mover and used solely to bid on eligible moving jobs for the parent.
- Booking agents with no owned vehicles and no employees.
- Haulers of waste materials, bulk commodities
- More than 10% of receipts from hauling of general commodities
- Account with owner operators who also haul for others
- Accounts requiring a hazmat filing
- Regional and national van lines
- Movers without a permanent warehouse facility except as noted in the eligibility criteria
- Truck or trailer rental operations
- U Haul type risks More than 10% of receipts from self-storage or general warehousing
- Accounts who lease employees from an employee leasing or staffing firm
- Accounts required to provide auto liability while operating under national van line authority except eligible United, Mayflower and Atlas agents as noted above.
- Last Mile Delivery Last Mile Delivery accounts performing installations that require a construction contractor's license.
- Carpet and Tile Installers.
- Haulers of waste materials, bulk commodities
- Truck or Trailer Rental Operations
- Backhauling of any kind
- Hauling of General Freight
- Contracting with other than retail furniture or appliance companies, office products, or other product delivery to homes.
- Accounts requiring a hazmat filing.
- Accounts who lease employees from an employee leasing or staffing firm.



## 2. AUTHORITY

### 2.1 INSURANCE COMPANIES

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

New Hampshire Insurance Company  
Granite State Insurance Company  
Illinois National Insurance Company  
National Union Insurance Company of Pittsburgh

### 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 any member company of American International Group, Inc.

Commercial Property	\$30,000	Cover All
Inland Marine	\$50,000	Cover All
Commercial General Liability	\$35,000	Cover All
Commercial Automobile	\$125,000	Cover All
Commercial Crime Coverage	\$10,000	Cover All
Umbrella Liability Coverage	\$50,000	Cover All
The sum of all policies and/or coverages written for one insured	\$250,000	Cover All

### 2.3 NAMED INSUREDS

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

Note: Individuals (i.e., natural persons) may not to be listed as a "Named Insured" 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.

<b>PROPERTY</b>		
Commercial Property and/or Inland Marine Including Warehouse Legal Liability	\$10,000,000 \$ No Authority \$ 25,000,000	Maximum Amount Subject (gross) In Protection Class 1 - 8 Amount subject any location in Protection Class 9 or 10 Total Insured Values
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 Sprinkler Leakage - 250 Year MMI Zones of 7.0 through 12 (derived from RiskMeter*), and the entire state of California, Alaska and Hawaii	No Authority	
Earthquake Sprinkler Leakage – 250 Year MMI Zones 1 – 6.99 (derived from RiskMeter*),	\$ 1,000,000	
Flood – RiskMeter flood score over 40	No Authority	
Flood – RiskMeter flood score 10 - 40	\$ 1,000,000	
* See Qwik Notes for information on RiskMeter		
Wind/Coastal Property	No Authority	Refer to the Windstorm section of other than below: Property Qwik Notes for guidance prior to making your referral.
North Carolina South and West Through Texas excluding Florida within 50 miles Of the Coast	\$500,000 per location \$2,000,000 TIV Business Personal Property Only Wind/Hail Deductible not	

**Comment [h4]:** These coastal exceptions are included in current guidelines.



Florida	<p>mandatory but should be considered based on Values and Proximity to the Coast</p> <p>\$250,000 per location</p> <p>\$1,000,000 TIV Business Personal Property Only</p> <p>5%/\$10,000 min wind/hail deductible is mandatory</p> <p>RMF on package must be 1.00 or higher.</p>	
Equipment Breakdown	Per Equipment Breakdown Addendum	See Section 5 for Equipment Breakdown Addendum.
The following are included in the Property and Inland Marine limits above:		
Warehouse Operators Legal Liability	\$5,000,000	Per Location
Motor Truck Cargo Liability	\$1,000,000	Per Truck
Scheduled Property - Mover's Equipment	\$ 100,000	Per Item
<b>CRIME</b>		



Commercial Crime (1):	\$150,000	Per Occurrence
Employee Theft		
(1) Includes Employee Benefit Plans – when scheduled on the Declarations Page		
Forgery or Alteration		
Inside the Premises: Theft of Money and Securities	\$25,000	
Inside the Premises: Robbery or Safe Burglary of Other Property	\$25,000	
Outside the Premises	\$25,000	
Computer and Funds Transfer Fraud	\$150,000	
Money Orders and Counterfeit Money	\$150,000	
All other Commercial Crime	\$10,000	Per Occurrence

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	\$	\$500,000
Employee Benefits Liability	\$1,000,000	Occurrence/Claims Made
	\$3,000,000	Annual Aggregate
Commercial Automobile Liability	\$1,000,000	Any One Accident
Commercial Automobile Physical Damage	ACV to	Per Vehicle Replacement Cost
Minimum Deductible:	\$200,000	
> \$1,000 with Cost New Less than \$100,000		
> \$2,000 with Cost New At or Above \$100,000	\$2,000,000	
Amount Subject Any One Location		
Commercial Umbrella	\$5,000,000	Each Occurrence
	\$5,000,000	General Aggregate Limit

**Comment [h5]:** Lisa wants a flat \$1000 per current guidelines. I am suggesting \$2000 above \$75,000



**2.5 WINDSTORM AND EARTHQUAKE CAT MANAGEMENT REFERRALS**

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

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

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

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

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

**2.6 ADHERENCE TO FILED 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:

Commercial General Liability	Inland Marine	Property One
Commercial Auto		Commercial Umbrella
Commercial Crime		Enhanced Property Forms

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 filings.



If you are using an approved proprietary operating system, such system must be compliant with all applicable Company filings 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 filings.

**2.6.2 NEW YORK FREE TRADE ZONE (NYFTZ)**

You are authorized to write business in the NYFTZ that qualifies under 'Class 2' but only as directed in Section 5. Where the Insured's Headquarter State is New York, *all* Umbrella policies must be issued in the NYFTZ (see Umbrella Qwik Notes for details). You must refer any 'Class 1' risk to your Program Manager prior to quote. The Company does not write business that qualifies as 'Class 3' at this time.

Regulation 86 is available here: <http://government.westlaw.com/linkedslice/default.asp?SP=nycrr-1000>

**2.7 POLICY TERM**

Policy periods (including any coverage and rate commitments associated therewith) up to twelve (12) months.

Note: The foregoing notwithstanding, You may extend the 12 month policy period to accommodate concurrency requests for a period of up to 60 days. When issuing a policy greater than one year, please notify your Program Manager of the premium in excess of the annual term.

**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 filed by or on behalf of 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.

AAIS Rating Plans for the following lines of business: Motor Truck Cargo; Warehousemen's Legal Liability and Scheduled Property Floater	Approved
Preferred Risk Property (PropertyOne Rating Plan)	No Authority
Use of ISO Experience and Schedule Rating and IRPM	Approved
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 if all ISO Composite Rating Rules are not met	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
Consent to Rate Rules	No Authority
AIG Umbrella Rating Plan	Approved
<b>New Business:</b>	
The total line modification (combination of company modification, experience modification and/or schedule modification) must be .75 or higher.	
<b>Renewal Business:</b>	
<ul style="list-style-type: none"><li>You have no authority to renew business with a rate decrease in any line that developed an expiring premium of more than \$2500 unless the decrease is due solely to a reduction in loss costs and/or company LCM and the risk is not eligible for discretionary rating.</li></ul>	

#### 2.8.1 ISO "REFER TO COMPANY" RULES

Anytime ISO has insufficient data to promulgate a rate or loss cost, they defer to the company to create its own rate. Please refer to Section 5, "Refer to Company" rules which are applicable (by product line) for the Program, or Qwik Notes for guidance. 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 5, 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

Unless authority is granted elsewhere in this document, 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. This limitation does not apply to this program.
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-date coverage more than ten (10) business days (and if ten days or less, subject to a warranty of no known or reported losses from the insured).**
  - a. The backdating of the deletion of a building, personal property, or an automobile(s) does not require a 'no known or reported loss' letter and your authority to approve the deletion is extended to thirty (30) days from the from the date of the sale of the property.
  - b. An endorsement request to add coverage for a newly acquired property, automobile, or entity where coverage is already afforded on the insured's policy is not considered backdating, subject to the following:
    - i. The limits, terms and conditions of the "newly acquired" clause; and
    - ii. The request to add coverage must be received in accordance with the timeframe set forth in the policy.
  - c. Any reduction from the original representation of the General Liability exposures found on the application is considered a back date request. While a letter of 'no known or reported losses' is not required, such post-bind requests should be supported by a revised application or letter signed by the insured supporting the change.
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 an AIG 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.

Comment [h6]: Included the proposed wording.

## 2.9.2 LIMITATIONS: COVERAGES

Unless authority is granted elsewhere in this document, 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 coverage.
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 coverage.
9. Ocean Marine.
10. Product Recall.
11. Foreign coverage (i.e. outside the United States or Canada).
12. Hawaii Auto Coverage if not written through Coverall.
13. Mold/Fungus Coverage.
14. Data Corruption coverage.
15. Policies that provide for Windstorm and/or Flood and/or Earthquake only.

### 2.9.3 LIMITATIONS: POLICY TERMS AND CONDITIONS

Unless authority is granted elsewhere in this document, 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 statement from the insured 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.
7. Removal of any policy exclusion.
8. Property Loss – Limit forms or coverage.
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 SURCHARGES AND FEES

You are responsible for the proper billing and collection of all state surcharges and fees. Please refer to our Underwriting Bulletins or contact your Program Manager for current information regarding all applicable state surcharges and fees.



## 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 (either by USPS or electronically) within thirty (30) days of receipt of the request.

Note: In any instance where the endorsement must be back-dated (see Section 2.9.1.9) and such endorsement expands or broadens the terms, conditions or limits of the policy, the insured must provide written confirmation that there are no known losses during the period between the date of receipt and the endorsement effective date. For changes to an Automobile policy, a no known loss letter will not be required if: (a) there is an exchange in vehicles, or (b) the number of units is reduced for any reason.

## 2.12 APPROVED COVERAGE FORMS AND ENDORSEMENT AUTHORITY

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



HPI\_UW Authority  
2015 Forms List Final.

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 the attached document, you must refer such form to your Program Manager for review and approval prior to use.

## 2.13 DELEGATION OF AUTHORITY

The person designated in Section 6 (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 UNDERWRITING GUIDELINES - QWIK NOTES

Throughout this document you will see references to Qwik Notes. These are Our Underwriting guidelines that summarize specific line of business rules that you are expected to follow unless otherwise directed in this document. You and your staff should carefully read them and refer any questions to your Program Manager. We will notify you of any changes during the course of the year via Underwriting bulletin. You can access the most current edition of Qwik Notes via the AIG Program website.

## 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 (paper or electronic) 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 – 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.

The minimum additional document requirements by product line are:

---

### 3.1.1 PROPERTY FILE DOCUMENTATION REQUIREMENTS

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

---

### 3.1.2 GENERAL LIABILITY FILE DOCUMENTATION REQUIREMENTS

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

---

### 3.1.3 AUTOMOBILE FILE DOCUMENTATION REQUIREMENTS

- a. Experience and Schedule rating worksheets (including those written with a unity (1.00 mod) and justification for all schedule credits/debits applied.
- b. Driver List and copies of MVR's as required by our Underwriting Guidelines.
- c. UM/UIM offers and rejections (where required)

---

### 3.1.4 UMBRELLA / EXCESS CASUALTY FILE DOCUMENTATION REQUIREMENTS

- a. Umbrella pricing worksheet including reason for pricing deviations.
- b. UM/UIM offer, acceptance & rejection forms where required (FL, LA, NH, VT, and WV)
- c. For scheduled underlying coverage(s) not written by AIG Programs, we require the following:
  - a. Loss runs or a letter of "no known losses" where applicable – see Section 3.5
  - b. Declarations page showing the writing company, policy period and limits.  
Note: for Employers Liability, an email from the retail producer indicating the writing company is acceptable.
  - c. Premiums (except auto and Employers Liability)
  - d. Vehicle schedule (automobile)
  - e. Forms schedule (except for Employers Liability).
- d. Umbrella policy when issued.

---

## 3.2 APPLICATIONS

A copy of the completed, signed and dated application is required on all new business and kept in the policy file, along with any supplemental applications, questionnaires, or statements of value which are critical to



the underwriting of the account. Umbrella applications are not required to be signed if all of the underlying applications have been signed. Where the application becomes part of the insurance policy (as is the case with Professional Liability, for example) subsequent applications must be signed. Where the application does not become part of the insurance policy, subsequent renewal applications do not need to be signed, although it is considered preferable to obtain such signatures where possible. However, a completed, signed application is required every three years.

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.

All applications, including supplemental applications used by the Program Administrator, must be approved by the Company.

Standard ACORD forms and/or supplemental questionnaires or applications approved by your 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 in accordance with the AIG's Programs requirements (see website for details) or 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 (confirming eligibility).
- Exposure and hazard analysis.
- Current/expiring premium (for new business, where available).
- Loss history summary by line of business supporting eligibility, including the following:
  - Total number of losses and total loss dollars incurred by policy year
  - Analysis of any claim in excess of \$50,000
- D&B Score of 1, 2, or 3 (from eStart), or if the score is 0, 4, or 5 financial analysis as directed in Section 1.1, Eligibility, or referred to the Program Manager with supporting financials and approved prior to quote.



- 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. Three year currently valued (hard or electronic copy) loss runs provided by the insurer are required on new business. See Section 3.4 for documentation expectations.

### 3.6 REFERRAL PROCESS / REQUIRED DOCUMENTATION

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

- Reason(s) for the referral (including direct reference to Your Authority triggering 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 approved, where You have established that there has been no material change to the risk and properly documented the file, the approval remains in effect and resubmission is not required at each renewal\*. However, the following exceptions limit referral approval to the current policy year only:

1. When limited by your Program Manager and stated in their approval email; or
2. Deterioration of previously approved three year account loss ratio of more than 10%; or 15% for accounts \$25K or less.
3. Any referral for rate exceptions; or
4. The premium exceeds your authority as stated in Section 2.2, Premium Authority; or
5. Any approval for property and/or inland marine coverages:
  - For flood and/or earth movement if there is an increase in limit(s) or decrease in 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.

**Comment [h7]:** Lisa wants 15% would do for accounts under \$25,000





\*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. Deductibles not exceeding \$1000 can be utilized without referral to the Program Manager.

### 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.

### 3.9 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 whenever a policy is not issued and mailed (USPS or electronically) within five (5) business days of the policy's effective date. Such binder must 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. A binder cannot be issued for a period of more than 30 days 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 reference the quote being bound and include the following information:

- Date of issue
- Quote being bound (where multiple quotes exist, you must identify the one being accepted by the insured)
- Effective date



- Type of insurance
- Coverage/Forms
- Limits
- Deductibles/SIR's/Coinsurance
- Fees and assessments
- Premium
- Writing company(s)
- 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 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."

### 3.10 OTHER UNDERWRITING CONSIDERATIONS

#### 3.10.1 CANCELLATIONS/NON RENEWALS

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. 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 DECLINATIONS

Declination of any submitted new business account must be done in writing and in a timely manner.

#### 3.10.3 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. You must issue such notices as required by applicable law, and forward any questions to your Program Manager.

#### 3.10.4 STATE SPECIFIC AMENDATORY ENDORSEMENTS



You must issue all state regulatory notices and amendatory endorsements as required by applicable law. If you are issuing policies through CoverAll, such notices and state amendatory endorsements are automatically attached. Non-CoverAll Programs should consult the PA Website for these notices and amendatory endorsements. As updated versions of these notices and amendatory endorsements become available, we will provide these to you via PA Bulletin and update CoverAll and the PA Website accordingly.

Your Program Manager is available should you have any related questions.

---

### 3.10.5 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.

---

### 3.10.6 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 (01/15) and must clearly show the premium charge. The rate will be a flat charge of 1% where approved. (Refer to Qwik Notes for zip codes where coverage for Terrorism requires a referral.)

---

### 3.10.7 OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

You must attach the approved AIG Economic Sanctions Endorsement on all policies.

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.

---

### 3.10.8 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.

1. The Program Administrator should request a physical survey on all new business and every three (3) years thereafter, if any of the following applies:
  - a. Accounts with long haul exposure of more than 4 units.
  - b. Property amount subject value \$5,000,000 and greater. Amount Subject value to include Warehouse legal Liability Limits. For accounts with multiple locations, develop a plan to complete location surveys within five years. The plan should be developed in conjunction with the Program Manager.
  - c. At the discretion of the underwriter; a physical survey can be ordered more frequently and regardless of premium size, or amount subject total value, if necessary.
2. If account does not qualify for a physical survey, Program Administrator should order a Telephone Survey on all new business mover and LMD master agent accounts with total all lines premiums of greater than \$25,000 but less than \$75,000.
3. The Program Administrator should request a consultative loss control survey on all new business accounts with total all lines premiums of \$75,000 or greater. For renewal business, consultative loss control surveys should be ordered every four (4) years for A accounts and every three (3) years for B or C accounts.
4. LMD contractor loss control will be comprised of online safety course requirements prior to renewal on all accounts with more than a 70% loss ratio reviewed by LMD motor carrier quarterly.

Refer to Qwik Notes Loss Control for Requirements by line.

### 4.2 PREMIUM INSTALLMENTS AND FINANCING

Premium Installments are offered for Last Mile Delivery Business

## 5. LINE OF BUSINESS GUIDANCE: RATES AND RULES

Included in this Section are the rates and rules by product line approved for use with this program and is subject to periodic change. We will use the Cover-All operating system and/or Program Administrator bulletins to keep this information current.



## 5.1 PROPERTY / INLAND MARINE / CRIME: APPROVED RATES AND RULES

Unless otherwise directed in this section:

1. Please refer to the Division 66 Property Qwik Notes.
2. You are to use ISO loss costs or class rates applicable at each location.

**Enhanced Property Forms are to be Used as the Standard Forms for this Program (not available in AK, LA, FL)**

Note: The additional "AOP" charge for Enhanced Property is 3% of the full property premium subject to a minimum of \$225 and a maximum of \$1000.

**In AK, FI, and LA, Property One will be used in lieu of the Enhanced property Forms.**

**If an account meets the criteria for use of the Property One rating plan, such rating requires referral and approval.**

Note: \$1000 flat AOP charge applies for Property One

You are expected to review property values at each renewal, and adjust where necessary, to assure proper insurance to value.

### **Marshall & Swift**

- All New Business that meets limit and area thresholds as outlined in the Property Qwik Notes must receive a Marshall and Swift evaluation- currently, the thresholds are \$750,000 Building Limit and/or 7,500 square ft in area.
- All qualifying renewal business beginning with 10/1/15 effective dates that has not received an updated Marshall and Swift evaluation in at least one year must be updated on the next renewal, i.e., if the Marshall and Swift was last updated on 10/1/13, then it needs to be done again on 10/1/15. If the last update was done on 10/1/12, it needs to be updated on 10/1/15.
- Following the initial Marshall and Swift evaluation or update, an update is not required until the third renewal. If an initial evaluation or update is completed on 10/1/15, another update need not be done until 10/1/18. Also, if the last evaluation was completed on 10/1/14, another update is not required until 10/1/17.
- In lieu of updates, an automatic limit increase of at least 2% will be applied to all real property at renewal. The 2% will be applied on all real property regardless of the limits. The limit increase will also not be offset by any additional IRPM credits.
- The 2% automatic increase will stay in effect until 1/1/17. AIG will evaluate the % age increase for adequacy based on current building costs. We will provide Paul Hanson with a revised %age as of 1/1/17 and will review and update the %age increase as needed on January 1 of each year thereafter.

### **Inland Marine**

**Motor Truck cargo- included on AIG form 84308, Moving and Storage Coverage Form**



This form provides coverage for damages the insured becomes legally obligated to pay because of loss or damage to goods accepted under a shipping document while in the ordinary course of transit. A released bill of lading must be issued to avoid liability for the full value of a shipment.

1. Average Liability Per Pound Calculation

Determine an average liability per pound based upon the percentage of moves made under released bills of lading and declared value bills of lading.

Example:

Bill of Lading Type/Value	X Percentage of Moves	Weighted factor
Released value @ .60/lb	X 50%	= .30
Released value @ \$4.00 lb (military)	X 30%	= 1.20
Declared value @ \$2.85/lb	X 20%	= .57
Average Liability/lb	100%	\$2.07

2. Rate Determination- Moving and Storage

Multiply the annual gross receipts by the applicable rate from the table below that corresponds to the Average Liability per pound calculated above.

Gross Receipts Rates Per \$100				
Average Liability Per Pound Matrix				
Limit Per Vehicle/Per Occurrence	\$1.50 or less	\$1.51-\$3.00	\$3.00 and over	
\$100,000/\$200,000	.95	1.50	Refer to Company	

**Comment [h8]:** Lisa wants loss rated. No as this only results in lower rates when rates for higher liability should be higher.

Last Mile Delivery

Gross Receipts Rates Per \$100				
Radius of Operations				
Limit Per Vehicle/Per Occurrence	50 Miles or Less	51 - 250 Miles	>250 Miles	
\$100,000/\$200,000	..30	.40	.60	

3. Limits:

For alternative Limits apply the following factors to the rate for the \$100,000/\$200,000 limit:



Limit per vehicle/per occurrence	Factor	Minimum Premium
25,000/50,000	.75	\$400/\$375 for LMD contractors
50,000/100,000	.85	\$450/\$400 for LMD contractors
75,000/150,000	.95	\$500/\$450 for LMD Contractors
100,000/200,000	1.00	\$600/\$550 for LMD Contractors
150,000/300,000	1.10	\$700/\$650 for LMD Contractors
200,000/400,000	1.20	\$800/\$700 for LMD Contractors
250,000/500,000	1.25	\$900/\$800 for LMD Contractors
500,000/1,000,000	1.40	\$1250

4. Deductibles:

\$1,000 deductible all other and \$2000 military is standard. For alternative deductibles, apply the following factors to the rate for the standard deductibles:

Deductible Amount	Factor
\$1,000 all other \$2000 military	1.00
\$2500 all other \$2500 military	.90
\$3500 all other \$3500 Military	.80
\$.5000 all other \$5000 military	.70
>\$5,000	Refer to Company

5. Experience Rating:

Experience rating can be applied to accounts generating more than \$5,000 in annual Motor Truck Cargo Premium. The following are the factors that are to be used:

Premium	Loss Ratio	Credit	Loss ratio	Debit
\$5,000-\$10,000	<30%	-10%	>70%	+10%
\$10,001-\$25,000	<30%	-15%	>70%	+15%
\$25,001-\$50,000	<30%	-25%	>70%	+25%
>\$50,000	<30%	Refer to	>70%	Refer to



		Company		Company
--	--	---------	--	---------

**6. IRPM:**

After Application of all other factors and rating plans, an Individual Risk Modification can be applied based on individual risk characteristics on Motor Truck Cargo accounts exceeding \$1500 in premium.. Factors to be considered:

- Care and condition of Equipment and premises- -10% to +10%
- Experience of ownership/ management and cooperation with loss control- -10% to +10%
- Employees- selection, training, supervision, and experience- -10% to +10%
- Protective devices not otherwise considered in rating- -5% to +5%
- Storage Practices- -5% to +5%
- Total credit/debit may not exceed +/- 25%
- Combined Credit/Debit from the application of experience rating and IRPM may not exceed +/-30% Didn't we want the experience to be on top of the Schedule?

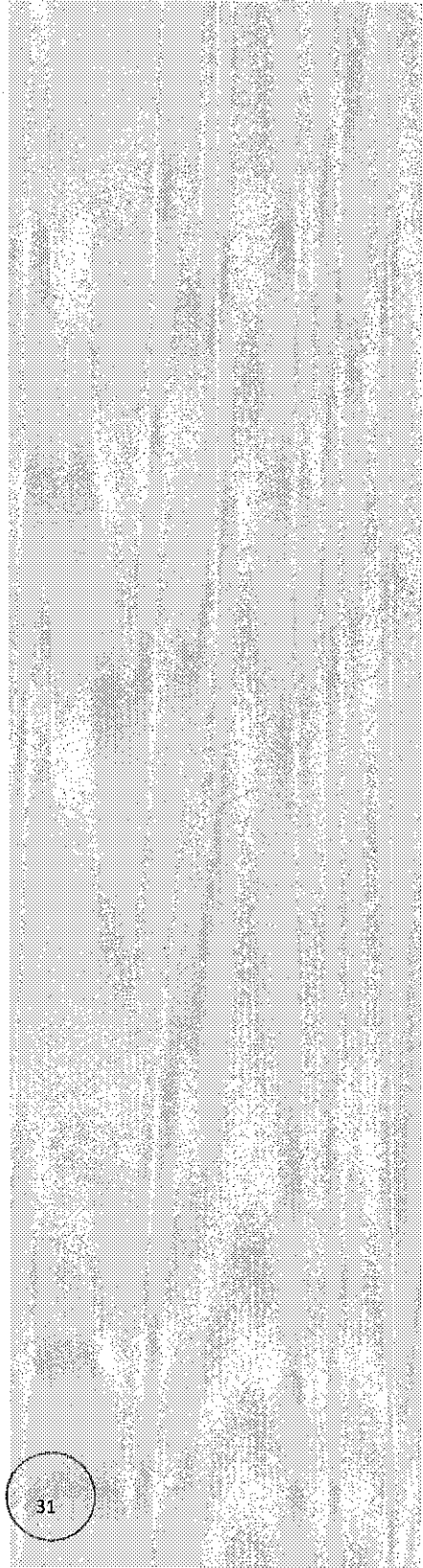
**Warehouse Operators Legal Liability-Included on Form 84308, Moving and Storage Coverage Form**

Provides coverage for damages the insured becomes legally obligated to pay because of loss or damage to goods accepted for storage under a storage document. Insured must issue a warehouse receipt for all property being stored beyond the acceptable 90 day SIT period.

**Premium Determination:**

1. Each location is separately rated. Blanket coverage does not apply.
2. For each location, determine the exposure base as follows:
  - a. Determine the sum of
    - (i) The number of containers of household goods held in storage at released value multiplied by \$1000.
    - (ii) The number of containers of household all other and military goods held in storage at declared value multiplied by \$5,000.
    - (iii) The value of bulk good held in storage.
    - (iv) The estimated value of records held in storage.
    - (v) The estimated value of electronic or other high valued goods held in storage.
  - b. The exposure base is the greater of the sum of the amount determined in step a above or the Limit of Liability multiplied by a factor of .70.
3. Rate Determination
  - a. Determine the 90% coinsurance rates for Group I and Group II that apply for the location.
  - b. Multiply the sum of the Group I and Group II rates by .50
  - c. Select the all other Perils loading from the following table and add to to the result of b above

Exposure Base Amount	Loading
<\$250,000	.20-.50







\$250,001 to \$500,000	.10-.20
>\$500,000	.04-.20

d. If the building is sprinklered, add .05 to the loading above.

**4. Premium Calculation**

Multiply the exposure base determined in step 2. (above) by the total rate determined in step 3. (above) per \$100.

**Deductibles**

\$1,000 deductible all other and \$2000 military is standard. For alternative deductibles, apply the following factors to the rate for the standard deductibles:

Deductible Amount	Factor
\$1,000 all other \$2000 military	1.00
\$2500 all other \$2500 military	.90
\$3500 all other \$3500 Military	.80
.\$5000 all other \$5000 military	.70
>\$5,000	Refer to Company

After Application of all other factors and rating plans, an Individual Risk Modification can be applied based on individual risk characteristics on Warehouse Legal Liability accounts exceeding \$1500 in policy premium.. Factors to be considered:

- Care and condition of Equipment and premises- -10% to +10%
- Experience of ownership/ management and cooperation with loss control- -10% to +10%
- Employees- selection, training, supervision, and experience- -10% to +10%
- Superior or inferior structural features- -10% to +10%
- Protective devices not otherwise considered in rating- -5% to +5%
- Storage Practices- -5% to +5%
- Total credit/debit may not exceed +/- 15%

**Minimum Premium**

Minimum Premiums for liability as a Warehouse operator are \$500 per location.  
 Scheduled Property Floater-Use AAIS Form IM 7500  
 Provides coverage for direct physical loss to moving equipment, spare parts, forklifts etc.  
 Rate: .60-1.25 PODS: .10-30

**IM Enhancements Included on form 84308**

Sub limits on moving equipment, self propelled vehicles, uncollectible charges, temporary warehouse legal, van line subrogation, and household goods under government agreement are included.



**Moving & Storage Certificate Coverage, Form 84309**

Optional coverage available to the shipper of household goods when the mover has purchased coverage provided by the Moving & Storage Coverage Form. Certificate Coverage amends the valuation beyond the legal liability of the mover. When there is direct damage to goods being shipped and/or stored under the Certificate Coverage, valuation is the lesser of ACV, stated (scheduled) value, or the actual cost to repair or replace.

**Premium for Certificate**

Storage rate: .10 per \$100 of value per month

Transit rate: .20 per \$100 to .50 per \$100 based on the types of goods shipped.

Minimum: \$150 per certificate (minimum waived for contents coverage for PODS type operations)

Maximum Limit of Liability for PODS type operations: \$75,000

If any other coverages or coverage restrictions are required, refer to your Program Manager

**CRIME:**

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 You would like 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 policy. However, the use of this form is strongly discouraged.

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

**5.2 GENERAL LIABILITY – APPROVED RATES AND RULES**

Unless otherwise directed in this section:

1. Please refer to the Division 66 General Liability Qwik Notes
2. The following are eligible GL class codes. Any others must be referred:
  3. Truckers- code 99793
  4. Warehouse- code 99938
  5. Warehouses- mini warehouse- code 18991
  6. Warehouses-occupied by others- codes 68702 and 68703
  7. Building or Premises- lessor's risk only- codes 61212 and 61217
  8. Building or Premises- Office- 61224
  9. Rental Stores- 16722- for PODS
  10. Recycling Collection Center- 47146- for documenting shredding
  11. Mail box or Packaging Stores-15070





12. Auto repair-10073 (receipts less than 10% of total)
13. Furniture Installation in office or stores- 95124
14. Appliance and Accessories Installation- Household-91155
15. Vacant Land- 49452-(only if no activity on the land)
16. Parking –Private- 46622 (for truck parking)
17. Contractors-sub contracted work- other than construction related work- 91591
18. House Furnishings Installation (Note: this classification includes incidental upholstery and floor covering installation)-96053
19. Appliances and Accessories installation, servicing or repair – commercial-91150
- 20.
21. We need to add Cost of hire for LMD GL on motor carriers

1. We will use ISO loss costs, rules and forms when writing Commercial General Liability.

Refer to Company rules exist for our programs and are summarized in Qwik Notes. Program specific 'refer to company rules', if any, can be found below:

Should you encounter a 'refer to company' issue not addressed above, please refer to your program manager for guidance.

Form# & Description	M&S Charge		LMD Charge	
CG2026 - ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION	No charge		No charge	
CG2010 ADDITIONAL INSURED - OWNERS, LESSEES OR CONTRACTORS - Scheduled Person or Organization	No charge		No charge	
CG2001 -Primary and noncontributory - Other Insurance Condition				
CG2037 - Completed Operation	\$250		\$250	
CG2404 - WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US	\$250		\$250	
CG2503 - Designated Construction Project(s) General Aggregate Limit	\$250			
CG2504 - DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT	\$250			
CA2048 - DESIGNATED INSURED for Covered Autos Liability Coverage				No charge
CA0444 - Waiver of Transfer of Rights of Recovery Against Others to us (waiver of subrogation)				\$100



**CG 2425- Limited Fungi or Bacteria Coverage**

Apply the factors shown below to the total GL premium for the location(s) to develop the premium for this endorsement

\$25,000- 7.0%

\$50,000-7.7%

\$100,000-8.4%

\$500 minimum premium per policy applies.

Damage to Premises Rented to You- increase to \$300,000- \$100 flat charge.

LMD "Master Agents"- Code 91591- use 10% of the base rate for the applicable code describing the contracted work as an ELP, i.e. 10% of the base rate for codes 91150, 91155, 95124, or 96053. AIG approved Lost Cost Multipliers (LCMs), Increased Limit Factors and policy modifications must also be applied to the base rate to develop the final rate for 91591.

**5.3 AUTOMOBILE – APPROVED RATES AND RULES**

Unless otherwise directed in this section:

1. Please refer to the Division 66 Automobile Qwik Notes
2. We will use ISO loss costs, rules and forms when writing Commercial Automobile.

Trucks, tractors, and trailers used in the moving and storage industry will be classified for liability and physical damage according to ISO rule 23. Any vehicle which is parked for more than 4 hours per day to pack and load/unload may be classified as service use if the radius of operation does not normally exceed 100 miles.. The radius class will be determined by using the maximum radius the vehicle travels on a regular basis.

Vehicles which are transferred for a specified period of time to the fleets of affiliated national van lines and operating under the van lines are normally covered under the national van lines insurance policies for automobile liability and cargo insurance. If the vehicle is 75% or more under van line use, than the usual rating class is 31499.

Any account required by contract to provide automobile liability coverage while hauling interstate and having more than \$1,000,000 of long haul revenue or 4 vehicles rated as long haul must be referred.

For long haul exposure, 5 year currently valued loss runs should be obtained and reviewed. There should be limited or no historical growth by acquisition.

Qwik Notes applies as respects drivers and MVR requirements. Additionally, eligible drivers must be 21 years old and at least 25 years old if hauling in excess of 250 miles. Drivers must not exceed 65 years of age if hauling in excess of



250 miles. Owners and partners age 65 and older are acceptable if they have no commercial driving responsibilities. Mover's Choice drivers experience and training per van line requirements. LMD contractors require two years of driving experience. MVR referral to Program Manager, Lisa Paul.

#### 5.4 EXCESS / UMBRELLA: APPROVED RATES AND RULES

Unless otherwise directed in this section:

1. Please refer to the Division 66 Umbrella Qwik Notes.
2. See the Qwik Notes for our Umbrella underwriting guidelines.
3. Use AIG Rating Plan for Standard Umbrella found in Umbrella Qwik Notes

#### 5.5 MISCELLANEOUS COVERAGES: EQUIPMENT BREAKDOWN

Moving & Storage:

Program Administrator: Paul Hanson Insurance Services

##### General Statements Regarding Eligibility

- Eligible Occupancies: Household goods movers, who own or lease a permanent storage facility.

**If a risk meets any one of the following criteria, it must be referred to the Program Manager for an equipment breakdown quotation. If one "Location" is a referral then the entire policy becomes a referral policy.**

- Any policy that has a "Location" with a "TIV" greater than \$10,000,000.
- Any policy with an Equipment Breakdown limit or sublimit that exceeds \$100,000 as respects the following coverages:
  - Perishable Goods/Spoilage
  - Data Restoration
  - Expediting Expense
  - Hazardous Substances
  - Off Premises Property Damage
  - Dependent Properties
  - Computer Equipment
  - Service Interruption
- Any policy with an Equipment Breakdown limit or sublimit that exceeds the following as respects Newly Acquired Premises coverages:
  - \$1,000,000 Building
  - \$1,000,000 Business Personal Property
  - 180 days
- Any policy that includes any one of the following coverage forms, but only if equipment breakdown coverage under said form is to be insured:
  - Any Inland Marine Form
  - Any Equipment Floater or Contractors Installation Floater



- Any policy with two or more covered equipment breakdown losses within the last 24 months.
- Any policy with a covered equipment breakdown loss greater than \$25,000.
- Any policy that has a "Location" with a total power generating capacity greater than 250 kilowatts based on the nameplate rating of the equipment. This includes solar, wind, and any other method of generating power. This does not include equipment intended to generate electricity solely on an "emergency basis".
- Any policy that has a "Location" outside the United States

**Rates:**

.01 Per \$100 of TIV

The rates herein are annual rates and may be pro-rated for in-term transactions or odd-term policies.



**6. 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 this Underwriting Authority Statement to your Program Manager within 30 days of the date set forth below. If AIG Programs does not receive the executed copy within such time, this Underwriting Authority Statement will automatically go into effect 30 days from the date set forth below.

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

**Acknowledged By:**

**Delegated By :**

Paul Hanson Partners  
Name of Program Administrator

Robert J O'Neil Product Line Manager  
Name and Title of Grantor

Lisa R. Paul  
Name of Recipient/Designee

Robert J. O'Neil  
Signature of Grantor

President, COO  
Title of Recipient/Designee

April 1, 2016  
Date

[Signature]  
Signature of Recipient/Designee

4-15-16  
Date