

LEXINGTON Program Division 66

LEXINGTON Program Division 66 - 2011

EDITION DATE: 7/1/2011

PROGRAM NAME: SOCIAL SERVICES PROGRAM

PROGRAM ADMINISTRATOR: Irwin Siegel Agency, Inc.
25 Lake Louise Marie Road
Rock Hill, New York 12775-0309

PRINCIPAL(S): Marcia Siegel CFO
Howard Siegel, Pres/COO & Underwriting Manager

PROGRAM DESCRIPTION: Package policy written for not for profit social service organizations. For-Profit can be written if operating in no more than two contiguous states. Addition Treatment , Mental Health and Behavioral Health can be written only if it's a renewal account.

PROGRAM INCEPTION: 12/01/2003

DIVISION: 66 – Lexington Programs

PRODUCER COMMISSION: 20% GL/PL, Property, Auto and Umbrella
22% for the following classes

- Head Starts
- Community Action Agencies
- Big Brothers/Big Sisters
- Boys and Girl's Clubs
- Rural Transportation of DD and Seniors

PROGRAM TERRITORY: United States of America excluding all territories and possessions

RELATED PUC NUMBERS:

PUC #	PUC Description	Primary or Excess?
26-0001	ISA Adoption Foster Care Pkg	Primary
26-0051	ISA Adoption Foster Care – XS	Excess
26-0002	ISA Behavioral Health Mental Health Pkg	Primary
26-0052	ISA Behavioral Health Mental Health – XS	Excess
26-0003	ISA Boys/Girls Clubs Head Start BB/BS Pkg	Primary
26-0053	ISA Boys/Girls Clubs Head Start BB/BS XS	Excess
26-0004	ISA Child Care Pkg	Primary
26-0054	ISA Child Care XS	Excess
26-0006	ISA Elderly Care Pkg	Primary
26-0056	ISA Elderly Care XS	Excess

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26-0007	ISA Substance Abuse Pkg	Primary
26-0057	ISA Substance Abuse XS	Excess
26-0008	ISA Transportation Pkg	Primary
26-0058	ISA Transportation XS	Excess
26-0009	ISA Troubled Youth Pkg	Primary
26-0059	ISA Troubled Youth XS	Excess
26-0010	ISA Social Service Other Pkg	Primary
26-0060	ISA Social Service Other XS	Excess
26-0011	ISA Social Service Claims Made Pkg	Primary

AUTHORITY:

1. INSURANCE COMPANIES

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

New Hampshire Insurance Company	[x]
Granite State Insurance Company	[x]
Illinois National Insurance Company	[x]
National Union Fire Insurance Company of Pittsburgh, PA	[x]

2. POLICY PREMIUMS

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

<u>\$100,000</u>	For Property /Inland Marine Coverages
<u>\$100,000</u>	For Errors and Omissions Coverages
<u>\$100,000</u>	For General Liability Coverages
<u>\$100,000</u>	For Commercial Automobile Coverages
<u>\$75,000</u>	For Umbrella Liability Coverages
<u>\$25,000</u>	For Commercial Crime Coverages
<u>\$250,000</u>	For the sum of all policies and/or coverages written for one insured

3. ASSIGNED PROGRAMS

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

See Page 1 and 2

4. LIMITS OF LIABILITY

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

\$1,000,000	Per occurrence	for General Liability and
\$3,000,000	General Aggregate	Products Liability
\$3,000,000	Products Aggregate	
\$1,000,000	Per occurrence	for Abuse and Molestation except \$1MM/\$1MM if
\$3,000,000	Annual Aggregate	Umbrella covers Abuse and Molestation
\$1,000,000	Occurrence	for Employee Benefits Liability
\$3,000,000	Annual Aggregate	
\$1,000,000	Combined single limit	for Automobile Liability
ACV to \$75,000 for PPT and \$100,000 for other than PPT ACV to \$	Per vehicle	for Automobile Physical Damage Min Comp & Collision deductible of \$1,000. Where vehicle cost new is over \$45,000 a minimum Comp & Collision deductible of \$2,500 is required.
\$1,000,000	Amount Subject any one location	
\$5,000,000	Per policy	for Commercial Umbrella excluding Abuse
\$25,000,000	Amount subject (gross)	for Commercial Property and/or Inland Marine
\$2,500,000	Amount subject any location in Protection Class 9 or 10	
\$50,000,000	Total insured values (gross)	
\$500,000	Per occurrence	for Commercial Crime Form A, Depositors Forgery and Employee Benefit Plans (when scheduled in the Declarations)
\$25,000	Per occurrence	for all other Commercial Crime
\$1,000,000	Per Wrongful Act/	For Errors and Omissions Liability
\$3,000,000	Annual Aggregate	

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

5. PROPERTY PERILS

You may underwrite, quote and bind business subject to the following catastrophe management limitations.

(no authority)	Earthquake -- 250 year MMI Zones 7.0 through 12, and the entire state of California
\$1,000,000	Earthquake -- 250 year MMI Zones 1 through 6.99
(no authority)	Earthquake Sprinkler Leakage -- 250 year MMI Zones 7.0 through 12, and the entire state of California
\$1,000,000	Earthquake Sprinkler Leakage -- 250 year MMI Zones 1 through 6.99
(no authority)	Flood -- Federal Flood Zone(s) A, V, B, D, X (shaded), and X(500)
\$1,000,000	Flood -- Federal Flood Zone(s) C, X or better

Wind/Coastal Property	Wind/Coastal Property -- There is <u>no authority</u> to quote windstorm or hail on locations within any of the windstorm control zones. All such locations must be submitted to, and approved by, your Program Manager <u>before</u> quoting. Definitions of windstorm control zones are in the Property Qwik Notes.
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6. PRICING

You have authority for the following pricing plans if an 'x' in the box next to the plan designates them.

- a. Deviation of Increased Limits Factors, but only if all requirements of Rule 15 and Rule 34 are met []
- b. ISO Rule 34 General Liability []
- c. ISO Rule 15 Automobile
- d. Preferred Risk Property Rating Plan (PropertyOne) []
- e. AAIS Rating Plans []
- f. Composite Rating of Liability, but only if all requirements of the ISO Composite Rating Rule are met []
- g. Composite Rating of Automobile, but only if all requirements of the ISO Composite Rating rule are met []

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

a. Specific Operations/Exposures

- (1) No authority exists to bind any company of Chartis, Inc., to a new program.
- (2) No authority exists to amend the parameters of an existing program, i.e., adding SIC or CGL codes, or altering the underwriting guidelines established for the program.
- (3) No authority exists to quote or bind any account filed under or operating under any chapter of the Federal Bankruptcy Law(s).
- (4) No authority exists to quote or bind any account with Commercial Auto exposures of a long-haul nature, defined as a radius of operations greater than 250 miles.
- (5) No authority exists to quote or bind any account with overhead transmission/distribution lines, either for direct damage or consequential loss, i.e., business interruption or extra expense.
- (6) No authority exists to make any exceptions to Lexington's Safe Harbor or Risk Transfer protocols.

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

- (1) Claims Made coverage in a program where the CGL exposure is written on an Occurrence form
- (2) Occurrence coverage in a program where the CGL exposure is written on a Claims Made form
- (3) Employment Related Practices Liability
- (4) Pollution or other Environmental coverages
- (5) Captive, Pooling or other alternative risk financing arrangements
- (6) Liquor Law Liability in states designated as High Hazard by ISO class
- (7) Workers Compensation
- (8) Railroad Protective Liability
- (9) Protection & Indemnity
- (10) U.S. Longshoremen & Harbor Workers liability
- (11) Professional Liability or Errors & Omissions liability except Social Services and Child Care
- (12) Manufacturers Output policies or coverages
- (13) Ocean Marine

- (14) Products Recall
 - (15) Assumed Reinsurance
 - (16) Foreign coverages (i.e., outside the United States or Canada)
 - (17) Hawaii Auto Coverages if not written through CoverAll
 - (18) Mold/Fungus coverages
 - (19) Data Corruption coverage
- c. **Policy Terms and Conditions** – No authority exists to quote or bind any account which requests any one or more of the following terms or conditions.
- (1) Individual risks, or programs, requesting financial guarantees, e.g., any situation where we would be asked to include language in our policy, or assume obligations, in the repayment of indebtedness
 - (2) Aggregate Limit reinstatement
 - (3) Individual risks, or programs, if Chartis Claim Services, or a LEXINGTON approved TPA is not handling all losses and loss adjustment
 - (4) Extension of cancellation or non-renewal provisions beyond the statutory minimum or 90 days, whichever is greater
 - (5) Master policies with certificates
 - (6) Manuscript policies, forms or endorsements, defined as insurance coverage documents, whether written by member companies of Chartis, Inc., or not, that:
 - (a) have not been vetted by Lexington Legal; and/or
 - (b) have not been assigned an ISO or Lexington form number
 - (7) removal of any policy exclusion
 - (8) property loss-limit form or coverages
 - (9) property (real, personal or inland marine) on a reporting form basis
 - (10) property blanket policy limits
 - (11) payment of any loss not covered by the policy as it was written at the time of loss
 - (12) amendments to any Program Administrator Agreement or other contractual arrangement between any company of Chartis, Inc., and any duly authorized broker doing business with the LEXINGTON Programs Division
 - (13) back-dating of coverage more than five (5) working days (and if five days or less, subject to a warranty of no known or reported losses)
 - (14) requests for facultative reinsurance of any line
- d. **Pricing Techniques** – You have no authority to quote or bind any account that requests any one or more of the following pricing techniques.
- (1) rates or rating plans other than those filed by or on behalf of the insurance company or companies underwriting the Lexington Programs Division program
 - (2) loss-sensitive rating or retrospective rating
 - (3) dividend plans, whether individual risk or entire programs
 - (4) revisions on premium audits without written consent of the Chartis Premium Audit Division
 - (5) premium deferral or cash-flow programs, or compensating balance programs
 - (6) rate guarantees beyond the annual policy term
 - (7) self-insured retentions
 - (8) aggregate stop loss on deductibles
 - (9) policy terms greater than 12 months

8. Eligibility Requirements

Eligible Risks:

Designed for those organizations which provide a broad base of treatment services to the community, including residential facilities. Generally the services provided include all forms of counseling (drug & alcohol, community and AA sponsored), workshops (e.g. job skill training), in-home services, services for client intervention & referral for government assistance programs. Typically, the exposures for these types

of organizations can run from a low basis (outpatient only) to a high basis (residential, minimal foster care). Accounts which fall into this category are:

Multi-Functional Facilities

Accounts which fall into this category are community based multi-faceted non-profit facilities. Most program participants have multiple needs. This program also address families and children at risk, however, participants do not have a primary diagnosis of Mental Illness or Substance Abuse. Another category of participants is consumers in need of services due to lower levels of income. These facilities generally have non-profit structures that provide service to the community to improve social and individual welfare of the community.

Elderly Facilities

Accounts which fall into this category are community based multi-faceted non-profit facilities which target their services to the Elderly. Services provided can include Meals on Wheels, outreach and referral programs.

Adoption/Foster Care

Accounts which fall within this category provide the majority of their service in adoption and foster care arena. Services can include counseling, placements & residential group homes. Services are provided to juveniles and adults.

Inpatient/Residential

Accounts which fall within this category provide the majority of their services on an inpatient or residential basis. Examples of these types of accounts would include inpatient substance abuse programs, halfway houses, shelters, etc.

Outpatient Facilities

Accounts which fall within this category provide their services on an outpatient basis. Examples of these type of programs include outreach, referral, outpatient counseling, etc.

Ineligible Risks Accounts providing services to:

- Adoption or Foster Care Services if more than 15 placements or a stand alone account.
- Adult Day Care when 40% or more consumers experience Alzheimer symptoms
- Ambulance Services
- Any Clean Needle or Needle Exchange Program
- Any account incorporating the following types of therapies or activities:
 - Re-Birthing Therapy
 - Sex Therapy
 - Behavior Modification (physical striking, withholding of food, shelter, sleep, bathroom or other such activities)
- Birthing Centers/Abortion clinics
- Boy Scout/ Girl Scout/Four H Clubs or other "good citizen" organizations
- Camps – Survival/adventure/boot/ships/Outward Bound
- Cardiac rehabilitation agencies
- Churches, religious organizations, missionary (whose primary purpose is for religious evangelism)
- Community Redevelopment Agencies
- Construction when part of organization's services or programs
- Correction oriented/alternative incarceration programs/Detention facilities
- Developmentally Disabled
- Early Release Prisoner Programs
- EMS/First Aid/Emergency Care Services
- Family Planning Clinics (other than pregnancy counseling only facilities)
- Halfway Houses

- Health Clinics (other than outpatient care)
- Home Health Care
- Homeless Shelters
- Hospitals
- Housing Authorities/Low Income Housing
- International Adoption
- Level IV Medical Detoxification rehabilitation facilities
- Medically Intense Programs for Non-DD Consumers
- Nursing Homes/Convalescent Homes/Assisted Living – aged and infirmed
- Physicians and Lawyers professional liability (except psychiatrists employed by the agency)
- Psychiatric Hospitals
- Public Housing
- Transportation Risks except for Rural Transportation Organizations and Paratransit.
- Services to persons with severe mental illness
- Sex Offenders (Services to Sex Offenders must be less than 10% of overall services)
- Stand alone special events/fundraisers
- Student Cooperative Housing
- Substance Abuse Programs except renewals or if not the major service provided.
- Troubled Youth Programs
- Violent Youth Lockdown
- YMCA/YWCA

9. Underwriting criteria:

The insured must have three (3) years in business at the described location. If new in business, the owner or directors/administrator must have five (5) years prior experience running a similar business. Business plan, resumes & financials must be reviewed.

All facilities must be fully licensed by the appropriate federal/state authority complying with the regulation on supervision, experience and screening of staff including safety and medical assistance procedures. Facilities that are not required to be licensed must be have appropriate documentation of local/state oversight. Accounts without any governmental oversight must be referred to AIG.

Loss ratio for the current year or the past three (3) years over 40% or with any single loss of \$75,000 or more must be referred to the company prior to quoting.

Minimum four (4) years loss history is required.

For Profit accounts must have locations in no more than two contiguous states.

The insured must have a financial statement indicating good current and debt to net worth ratios. (Refer to financial and D&B reference material provided)

Quick Guide to Analyzing Financial Reports	
In reviewing various financial reports certain ratios are provided below that help to measure financial stability. A brief definition is provided along with guides and comments.	
Current Ratio	This measures the degree to which current assets can cover current liabilities. A ratio of 1 to 1 or greater is considered good. Calculation = Total Current Assets ÷ Total Current Liabilities.

<p>Quick Ratio (Acid Test)</p>	<p>The quick ratio adjusts the Current Ratio to eliminate all assets that are not already in cash (or "near cash"). Ratio should be greater than 1. Calculation = Cash and near cash ÷ Current liabilities.</p>
<p>Gross Profit Margin</p>	<p>Indicates how efficiently a business is using its materials and labor in the production process. This shows the percentage of net sales remaining after subtracting cost of goods sold. A low margin in relation to industry norms could indicate under pricing. A High margin could indicate overpricing if business is slow and profits are weak. Should be .05 or greater. Calculation = Gross profit ÷ Total sales.</p>
<p>Debt to Equity Ratio</p>	<p>This measures company solvency and indicates how much money a company should safely be able to borrow over long periods of time. The result indicates how much the company is leveraged (in debt). The lower the number the better. The ratio should not be greater than 1.30. Calculation = Total debt (short and long term) ÷ equity.</p>

Renewal Referral Requirements:
Accounts that were previously approved do not need to be submitted on renewal except for the following.

- Account premium is over \$350,000
- Account has over 60 automobiles
- Account has facultative reinsurance
- Accounts Loss ratio over 40% unless due to a large loss that was previously approved
- Property Amount subject over \$25M unless previously approved
- TIV of more than \$50,000,000 unless previously approved and values have not increased more than 10% .
- Any account that falls outside the guideline and was not previously approved.

Child Care Guidelines

GENERAL REQUIREMENTS

- A. Centers eligible for Child Care must be providers of child care services.
- B. Must be in operation at the same location for at least three (3) years prior to effective date. The owner or director/administrator of the center must have at least five (5) years experience operating a similar business.
- C. The center can be for profit or not-for-profit. Financial information must be obtained on "For-Profit" accounts if they have been in business for less than four years or are licensed for more than 100 children for all locations.
- D. Centers must have appropriate licensing and a copy should remain in the underwriting file.
- E. Centers must have written policies and procedures to comply with the following.
 - o Federal/state/local regulations for supervision, experience and staffing.
 - o Safety and medical procedures.
 - o Infection control, exclusion criteria for children and strict immunization protocols for children and staff.

- o Pick up procedure for all children
- o Program to provide in-house training for all staff
- F. Meet or exceed NACECPPP staff to child ratios below.

Age:	Ratio:	Group Size:
0-12 months	1:4	2:8
1-2 years	1:6	2:12
2-3 years	1:8	2:16
3-4 years	1:10	2:20
4-5 years	1:12	2:24
5-6 years	1:16	2:24
Over 6 years	1:20	2:30
- G. Require a physical examination and complete shot history prior to accepting a child.
- H. Must maintain an emergency phone number list for each child.
- I. Other occupancies in the same building and adjacent to the facility should be considered by the underwriter to determine any additional exposures.
- J. Employees and volunteers should be 18 years old or older. Younger employees may only be considered if working under the supervision of an experienced employee.
- K. All centers must be financially sound as evidenced by financials.
- L. At least three prior years and current year loss history is required.
- M. Criminal background checks are conducted in all 50 states

ELIGIBLE OPERATIONS CHILD CARE

The following are eligible operations for The Social Services Child Care Program.

- Day Care Centers
- Montessori schools serving children under 7 years of age
- Nursery schools
- The following incidental operations may be written if they represent less than 25% of the total Child Care Operations.
 - o After School Programs
 - o Day Camps (in conjunction with a day care center)
 - o Tutoring (in conjunction with a day care center)

INELIGIBLE OPERATIONS CHILD CARE

The following are ineligible operations:

- In home day care (caregiver goes to individual home)
- Any center operating in a private residence (not converted to commercial space)
- 24 hour or drop-in facilities
- Head start programs
- Adult day care
- Adjunct operations to other social services
- Any center having a paid and/or open claim for sexual abuse within the last three (3) year period.
- Any center currently undergoing renovation.
- Any center which has had any type of regulatory fine, citation or license revocation.
- Any center which leases out or allows use of the premises by outside entities
- Any center operating in a facility where Child Care is not their Primary Operation (ex resorts, hotels, offices, amusement parks etc)
- Stand Alone After School Programs
- Stand Alone Day Camps
- Tutoring

LIMITS AND COVERAGE

Follow the Social Services Guidelines with the following Exception

- Professional Liability is provided by Endorsement 100350 "Coverage D-Child Care Professional Coverage Endorsement. This endorsement amends the General liability Coverage Part and there is no charge for this endorsement. Limits are shared with the General Liability Coverage.
 - Exceptions
 - Alaska form 100373
 - Illinois not approved. Use Social Service Professional Liability forms and Use an Agency Charge for each location
 - Louisiana Form 100374
 - New York Form 100375

10. Applications

A COPY OF THE COMPLETED AND SIGNED APPLICATION MUST BE KEPT IN THE POLICY FILE. ANY SUPPLEMENTAL APPLICATIONS, QUESTIONNAIRES OR STATEMENTS OF VALUE WHICH ARE CRITICAL IN 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 producer, need the approval of the company. In some cases, supplemental information can be obtained separately from the application. Additional information that is obtained through telephone conversations or other means may be used to analyze an account, but must be documented in the account file.

STANDARD ACORD FORMS AND ANY SPECIAL SUPPLEMENTAL APPLICATIONS ARE THE ONLY APPLICATIONS APPROVED FOR THIS PROGRAM.

11. RECORDING SUBMISSION in eStart

All accounts must be entered into eStart.

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

12. QUOTES

Quotes must be issued in writing for all accounts. Quotes are to be either hard copy or, if electronic, protected pdf format.

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

13. BINDERS

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

If telephone orders are received, a note must be placed in the file indicating who the underwriter spoke with and the date that coverage and limits were bound. This should be followed by confirmation in writing either by the insured or a confirmation letter issued by you that should be signed and dated by the insured, or a representative of the insured, and returned to you and placed in the underwriting file

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

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

14. POLICY ISSUANCE

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

15. MINIMUM REQUIREMENTS FOR POLICY FILE CONTENTS

The minimum requirements for contents of a policy file are:

Declarations Page (including full legal address of the insured)

Forms attached (a list of included forms)

Rating (whether on a worksheet or not) including justification for any individual risk modification factors

Signed and Dated Application(s)

Any quotes or proposals

Any binders

Any inspections, loss controls or audits

Any and all correspondence on coverage or premium, including referrals

Any Premium Audits

Copies of any mid-term endorsements, Notice of Cancellations, schedules of Additional Insureds, Certificates of Insurance, Non-Renewal notices, Conditional Renewal notices

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

16. SPECIFIC UNDERWRITING GUIDELINES BY LINE OF BUSINESS

A. COMMERCIAL PROPERTY/ INLAND MARINE

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

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

Insurance to Value:

An insurance-to-value calculation using Marshall & Swift must be done for all new business with a building value of \$1,000,000 or greater. Access to Marshall & Swift, an ITV analysis system, is provided by LEXINGTON. All new Marshall & Swift calculations, and required renewal Marshall & Swift calculations, must be saved in the MSB system for annual updates.

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

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

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

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

The Amount Subject is to be determined as follows:

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

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

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

Refer to the Property Qwiknotes for:

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

Blanket Limits and Margin Clauses

Blanket Property option is available for accounts with TIV of \$25,000,000.00 or under. The TIV limit includes Business Income and IM coverage. Underwriting will need to monitor accounts that are nearing

the \$25,000,000.00 limit during the policy term and if any endorsements would increase the TIV above \$25,000,000.00, than we would need to refer the account to our Program Manager as AIG may want to purchase Facultative Reinsurance.

Margin Clause option – on accounts with TIVs over \$25,000,000.00, we will be able to offer a 15% Margin Clause. Under this option, underwriting must ensure that when the values at the key location are increased by 15%, they do not exceed \$25,000,000.00. The inflation guard that is included on the AIG Property form will be left on the policy and must be factored into the "TIV" for determining exposed values..

Additional Criteria for Blanket Limit and Margin Clause:

We will amend frame, protection class 9 and 10 limitations to \$1,500,000 amount subject. Please note that protection class 9 & 10 property will need to have fac reinsurance placed. AIG will need 5-day lead-time in order to provide reinsurer with adequate information to make decision.

If the TIV is less than, or equal to, \$25MIL, we can do a blanket limit;

If the TIV is greater than \$25MIL, we can offer a 15% margin clause, subject to: The key location amount subject when adjusted upwards by 15% must be less than \$25 Mil.

During the course of the policy term:

1. If there is a blanket limit, and the TIV will exceed \$25MIL with any coverage change, the account must be referred to determine terms, or the blanket limit must not be adjusted to exceed \$25MIL;
2. If a 15% margin clause is in effect, we must be assured that with any changes in coverage, the key amount subject adjusted upwards by 15% remains less than \$25MIL.
3. Our amount subject limitation of \$25,00,000 will also require referrals where the 15% buffer may have an impact on any single location, or locations.
4. Amount subject and TIV values include Business Income and any other additional Property and Inland Marine coverage.

Accounts that are at \$20,000,000.00 Blanket Limit at policy inception

Underwriter should review Endorsement Activity to see how much growth the insured had during the last couple of years to estimate if there is potential for the blanket limit to exceed \$25,000,000.00 during the term. If the underwriter thinks that blanket limit will exceed \$25 mil, than may decide to go with Margin Clause in lieu of blanket limit. Discuss with Supervisor.

Our Replacement Cost estimator should be done on all locations to ensure buildings are properly valued.

POLICY FORMS MUST BE EITHER ISO OR LEXINGTON FILED AND APPROVED FORMS UNLESS SPECIFICALLY LISTED.

Mandatory – Property Coverage Forms except AK, LA and FL

- 97064 Bldg PersProp Form
- 97069 Supplementary Declarations
- 97072 Causes of Loss Special Form
- 97100 Commercial Property Conditions
- 97101 Common Policy Conditions
- 100380 Ordinance or Law Amendatory Endorsement
- 100381 Coverage for Loss to the Undamaged Portion of a Building

Optional

- 70630 Additional Coverage Human Services
- CP1065 Flood Endorsement

CP1045	Earth Movement Endorsement
90611	Wind/Hail Exclusion
90610	Wind/Hail Deductible Endorsement
97065	Equipment Breakdown Exclusion (Rare exception to use)
97081	Equipment Breakdown Other Conditions(used when E.B. terms from property limits, sublimits,deds. or other terms)
97070	Business Income (and Extra Expense) coverage form
97091	Blanket Limits per Premises Endorsement
97036	Upgrade to Green-except CT
99712	Upgrade to Green-CT only

Mandatory	Property Forms AK, FL, LA
CP0010	Building & Personal Property Cov Form
CP 1030	Causes of Loss Special Form

Optional	
70630	Additional Coverage Human Services
AIU 130	Property Extension Endt
CP 0030	BII (& EECoverage Form
IL 0145	Protective Safeguards (if has protective devices)
CP0420	South Dakota Protective Safeguard
CP9902	Manufacturers consequential loss
CP0320	Multiple ded form (to apply lower ded to patient property)
CP1410	Additional Covered Property (ex assistance dogs) Newly acquired or constructed property (\$1M combined BLD/BPP)
CP0425	
CP1508	Dependent Property BI/EE (\$250,000 max)
CP0415	Debris Removal (\$300,000 limit max)
CP1430	Outdoor Tree, shrubs, plants (\$25,000 per occ max)
CP1531	Ordinance or Law Increase (up to 180 days)
CP1529	Electronic Media and Records
90629	Equipment Breakdown Schedule
90630	Equipment Breakdown Common Form
94343	Equipment Breakdown (Alaska)

B. EQUIPMENT BREAKDOWN:

**SOCIAL SERVICES (IRWIN SIEGEL) PROGRAM
EQUIPMENT BREAKDOWN GUIDELINES**

RISK DESCRIPTION:

- Not-for-profit organizations providing services to people with developmental, physical, mental, and social disabilities.

REFERRAL RISKS:

- Any risk that has a location with a TIV (Building, Business Personal Property and Business Income) greater than \$25,000,000.
- Any risk with locations outside the United States

- Any risk with Inland Marine Coverage, Builders Risk, Equipment Floater or Contractor Installation Floater that requires Equipment Breakdown coverage
- Any risk, regardless of class or value, which is engaged in the generation of power, other than emergency back-up power
- Any risk with mixing, blending or other manufacturing operations, or any cold storage operations.

**EQUIPMENT BREAKDOWN WORDING: Enhanced Property Forms and Endorsements
Common Form and Endorsements**

Equipment Breakdown Insurance Profile		
Coverage:	Comprehensive Equipment Breakdown Coverage	
	Equipment Breakdown Limit	Up To \$50,000,000 TIV
	Property Damage	Included
	Off Premises Property Damage	Follows Property
	Business Income	Follows Property
	Extra Expense	Follows Property
	Expediting Expenses	\$25,000 Sublimit
	Hazardous Substances	\$25,000 Sublimit
	Perishable Goods	\$25,000 Sublimit
	Computer Equipment	\$25,000 Sublimit
	Data Restoration	\$25,000 Sublimit
	Service Interruption	Follows Property
	Newly Acquired Locations Business Income	Follows Property up to 180 days
Other Conditions:	Service Interruption – 24 Hr. waiting period	
Deductible:	Follows Property	
Rate:	\$.01 per \$100 of TIV	
Definition of TIV:	100% Building Value, Contents Value (excluding stock) and Annual Business Income Value.	

C. GENERAL LIABILITY

Applications and accompanying statements must identify all entities insured as they are currently and entities, products and operations as they were in the past if the insured remains legally responsible for them.

If any past entities, products or operations would not be eligible for consideration within this program, the prospect must be submitted to the company prior to any commitment.

POLICY FORMS MUST BE EITHER ISO OR CHARTIS FILED AND APPROVED FORMS UNLESS SPECIFICALLY LISTED.

MANDATORY ENDORSEMENTS

- 58332 (08/07) – Total Lead Exclusion (except RI, MA, VT)
- 62898 (09/01) – Radioactive Matter Exclusion (except LA)
- 62898 (06-95) – Radioactive Matter Exclusion-LA only

78689 (07/03) – Fungus exclusion (except AK, MA, NY, WA, LA, GA, KS, NH, VT, VA, not required if end. 86563 (08/04) CGL Enhancement end. Is used)
79277 (02/04) – Fungus exclusion – WA only
79379 (04/02) – Fungus exclusion – MA only
CG 32 10 (4/05) – Fungus exclusion – LA only
CG 21 67 (12/01) – Fungus exclusion – GA, KS, NH, VT, VA only
82540 (08/07) – Asbestos and Silica exclusion (do not attach if using 86563 (08/04) CGL Enhancement end.)
64003 (09/01) – CHARTIS Silica exclusion (not required if end. 82540 (08/07) is used)

87295 (01/08) – Violation of Statutes exclusion (except AK, OK, VA)
89413 (12/07) – Violation of Statutes exclusion - OK & VA only
89035 (10/08) – Violation of Statutes exclusion –AK only
89644 (07/05) – Territorial Definition OFAC
CG 2146 (07 98) – Abuse or Molestation exclusion (except TX)
CG 26 46 (4/99) – Texas Abuse or Molestation exclusion – TX only
CG 2147 (12/07) – Employment Related Practices exclusion (except TX) (do not attach if using 86563 (08/04) CGL Enhancement end.)

CG 26 39 (12/07) – Texas Employment Related Practices exclusion – TX only
CG2149 (9/99) – Total Pollution exclusion (except AK,IL,ME,TX,VT,VA)
CG 32 67 (09/08) – Alaska Total Pollution exclusion
CG 2155 (09 99) – Total Pollution exclusion with exception for hostile fire (except AK,ME, TX)
CG 32 68 (09/08) – Alaska Total Pollution Exclusion with a Hostile Fire Exception
CG 21 65 (12/04) – Total Pollution Exclusion with a Building Heating Equipment and Hostile Fire Exception (except AK, ME, TX)
IL 00 21(09/08)- Nuclear Energy Liability exclusion (except NY, WA)
IL 0 198 (09/08)- Nuclear Energy Liability exclusion – WA only
IL 00 23 (07/02) - Nuclear Energy Liability exclusion – NY only

OPTIONAL ENDORSEMENTS

86563 (10/09) – General Liability Extension Endt (except NY, VT)
89919 (9/05)- General Liability Extension Endorsement (Vt only)
86571 (8/04)- General Liability Extension Endorsement for Human Services (except NY)

Athletic/Special Events requiring Separate Coverage

Non-profit agencies often have fund raising special events to raise additional revenues and to promote community integration. There are typical fundraising events that are intended to be covered by AIG's general liability policy (see below). Occasionally an event that has a higher level of exposure requiring a separate special event policy and a separate medical payments policy. Both of these products can be accessed through other AIG Divisions.

Typical Fund Raising Activities:

Auctions-Art, Memorabilia

Breakfasts, Dinners, Luncheons, Annual Banquets

Bingo (rated under GL)

Golf Outings or Tournaments (Special coverage is needed if the event includes a "Hole-in-One")

Walk-a-thon, Bike-a-thon, 5K and 10k road races

Fund Raising Events to consider Med Pay/Special Events Cover:

Auto racing or rallies
Events involving Celebrity Athletes
Events involving shooting-Clay pigeon, turkey shoots etc
Hot Air Balloon Festivals/Rides
Motorcycle Rides/Rallies
Music Festivals
Poker Runs
Softball, Football, Basketball, Soccer team events as fund raiser (Teams from community participate in a competition as a fund raiser for the insured)

Abuse and Molestation Coverage

Sexual/physical abuse and molestation is offered only as optional coverage under the CGL policy and is written on a specific sub-limit basis. Abuse and Molestation Endorsement additional declarations form 65123 (4/96) is to be attached to and made a part of policies offering sub-limits on an occurrence basis.

In addition, the ISO Abuse/Molestation exclusion form CG2146 must also be attached to and made a part of each package or commercial general liability policy whether offering abuse coverage or not.

It is mandatory that our abuse and molestation supplemental application be completed on each and every risk where coverage is being offered on a sub-limit basis.

All applications must be completed and signed by the Director of the Named Insured's operations. No application is to be accepted unless duly signed, all questions answered and specific explanations offered where required.

Each account must be underwritten on its own merit with coverage being prohibited for the following classes of business:

- Foster Care
- Adoption
- Home Health Care

In addition, in order to provide coverage to an organization, the following must be in place:

- Past history free of any substantiated incident of physical or sexual abuse
- An abuse prevention program which consists of:
 - Comprehensive employee/volunteer screening- verification of SS#, residency information, present and two previous employers, education and licensing, MVRs., state or county criminal records for each county the individual has resided within the past five (5) years
 - An abuse policy that includes zero tolerance, appropriate definitions of abuse and maltreatment, reporting and investigation procedures, disciplinary procedures and retaliation warning
 - The abuse policy is consistently enforced, reviewed annually with each employee/volunteer who then signs off that they understand the policy, received the training and will adhere to the policy. The policy should be reviewed periodically by the organization's legal counsel to insure that the policy meets current state laws and statutes
 - One-on-one contact in isolation between adults and youth is not permitted
 - The organization will take all allegations of abuse seriously and will promptly and thoroughly investigate

Form Number	Description	Mandatory
67688	Social Services Professional Package Form/Occ	Yes

All state amendatory endorsements must be attached where applicable.

No authority exists to include endorsements, other than those noted above, which enhance or provide additional coverage without approval from Home Office

D. CRIME

The following must be in place for Employee Dishonesty coverage:

1. Audits - Cash accounts and inventories must, at a minimum, have an annual audit by Certified Internal Auditors or Certified Public Accountants.
2. Check Signing:
 - a) Any checks issued over \$1000 must be countersigned by at least 2 persons. If countersignature can not be instituted an owner or corporate officer must be the authorized signer.
 - b) The duties of handling in-coming checks and issuance of out-going checks must be handled by separate individuals.
 - c) Mechanically Affixed Signatures involve computer or non-computer equipment.
 - o If computer operated, control over the input and outflow must be restricted to specifically authorized personnel
 - o Non-computer equipment (e.g. facsimile signature plate or check writing machine) must be properly secured when not in use. Operational access must be limited to as few designated persons as possible and supervised by an owner/officer
 - o Reconciliation-Any employee authorized to reconcile bank account statements should not permitted to handle deposits or sign checks without countersignature.
 - o Stamping Incoming Checks-All incoming check must be stamped "For Deposit Only" as soon as they are received.
3. Control over Flow and Possession of Merchandise-There must always be close managerial supervision over the movement of property from one location to another.
4. Any risk that requires referral must have background checks on all individuals handling cash or check issuance and annual audits of the insured's cash management is mandatory.

FORMS USED ARE TO BE THE FILED AND APPROVED ISO CRIME FORMS.

Use of either version of the form (Loss Sustained Form or Discovery Form) can be used:

Loss Sustained Form:

- CR DS 01 07 02 Commercial Crime Coverage Part Declarations
- CR 00 21 05 06 Commercial Crime Coverage Form (Loss Sustained Form)

Discovery Form

- CR DS 01 07 02 Commercial Crime Coverage Part Declarations
- CR 00 20 05 06 Commercial Crime Coverage Form (Discovery Form)
- CR 20 05 08 07 Retroactive Date Endorsement

Any other filed and approved ISO Crime Forms

Employee Benefit Plans may be included as Insureds. Coverage is provided within the Commercial Crime Coverage Form when the "employee benefit plan" is shown in the Declarations.

When using the Discovery Form, we must attach the Retroactive Date endorsement. The date utilized on the endorsement should not be more than one year prior to the effective date for which we issue our original policy to an insured. For subsequent renewals, we can use the same date. If there is a break in coverage, at any point, we must then change the retro date to be not more than one year prior to the effective date.

E. COMMERCIAL AUTOMOBILE

Driving records for all drivers should be checked as part of the hiring process and on an annual basis thereafter to a written non discriminating company policy.

Driving records for all drivers should be checked as part of the hiring process and every two years thereafter to a written non discriminating company policy. New drivers should have MVRs reviewed when hired.

On all new business :

- Need confirmation PRIOR to binding that all drivers are at least 21 years old and have four years of driving experience
- MVR's are to be ORDERED with in 48 hours of binding and reviewed for acceptability within ten days of binding.

On all renewals

- MVRs should be ordered on all drivers that had prior acceptable MVRs every two years.
- MVRs should be ordered on newly identified drivers and existing drivers that had prior issues.

The program administrator is responsible for maintaining current driver and MVR information in the policy file.

Age and driving records are the key factors to analyze. MVR violations are to be categorized into the following types:

TYPE A – are major violations. These are DWI, DUI, OUI, OWI, refusing a substance test, driving with an open container of alcohol, reckless driving, hit and run, fleeing a police officer, racing, driving while license is revoked or suspended, manslaughter or any felony. **Fleets with ANY driver with a TYPE A violation within the prior three years is not acceptable.**

TYPE B – include most driving violations such as speeding, improper lane change, failure to yield or obey a traffic signal or sign, license suspension, at fault accidents.

TYPE C – include parking tickets, financial responsibility violations, seat belt violations, improper equipment or excessive loads.

Use a LEXINGTON approved MVR GRID worksheet to evaluate acceptability. Any new business which has an overall rating of POOR must be declined. Any renewal which has an overall rating of POOR must be referred to your Program Manager.

Driver exclusions should be avoided and are NOT condoned by LEXINGTON.

Eligible drivers must:

- Be at least 21 years old
- Have a minimum of four years driving experience
- Have an acceptable driving record
- Have a valid license
- Be familiar with the vehicles to be used or given instruction prior to driving insured vehicles.

On accounts with NO owned autos but requesting non-owned coverage MVRs must be ordered on ALL drivers using their own vehicles for company business.

Fleets of more than 40 vehicles must be referred to the company.

Fleets of private passenger vehicles are not acceptable.

Vehicles primarily used for personal use should be avoided.

Accounts with 15 passenger vans must follow the Lexington Disposal Van Program. Refer to the Automobile Qwiknotes.

A signed certification by the employee must be obtained for all employees driving their own vehicles on the business of the insured. Limits equal to policy limits or at least \$300,000 per accident should be verified.

HAWAII AUTOMOBILE – coverage maybe written in Hawaii only if the rating and policy issuance is done on the LEXINGTON CoverAll system.

OHIO UM/UIM – coverage maybe written up to \$1,000,000 if specifically requested by the insured. Coverage can only be offered using the LEXINGTON approved endorsement. Ohio no longer requires a selection/rejection form.

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

Vehicle Classification

The majority of vehicles operated in conjunction with Social Services Program fall into three basic rating categories.

A.	Commercial Private Passenger Type	
	Non-Fleet	7391
	Fleet	7398
B.	Light Service Vehicles – Local Radius of operations	
	Non-Fleet	0119
	Fleet	0149
C.	Public automobile – Social Service agency vehicles principally operated by employees – Local Radius of operations	
	Non-Fleet	645
	Fleet	648 **

**Primary Class Code the fourth numerical digit varies by the seating capacity.

The private passenger sedan type vehicles are principally operated by employees of the facility during their normal daily course of employment are to be classified using the Commercial private passenger Auto Class Codes

Automobiles such as Vans or Mini-buses used to transport clients to and from required activities are to be classified as Public Automobiles. Vehicles operated principally for the maintaining the Agency's premises should be classified as Service Vehicles. To be rated as a fleet the Insured must have five or more self-propelled vehicles.

F. EXCESS AND UMBRELLA

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

COVERAGE FORM: 57697 (10/04)

MANDATORY EXCLUSIONS:

80478 (07/02) -- Abuse or Molestation exclusion (except if coverage is provided)
66687 (12/96) -- Silica exclusion
61718 (12/94) -- Lead exclusion (not MA, RI, VT)
87295 (01/08) -- Violation of Statutes exclusion
80394 (07/02) -- Anti-Stacking Endorsement
60441 (05/94) -- Cross Suits endorsement
62221 (03/95) -- Total Pollution exclusion (not LA)
79346 (03/02) -- LA Total Pollution exclusion
60436 (05/94) -- Directors & Officers Liability exclusion
60458 (05/94) -- Professional Liability exclusion except if coverage is provided
79279 (03/02) -- Fungus exclusion (except AK, NY, KS, NH, WA)
60438 (05/94) -- Follow form Personal Injury
57720 (06/93) -- Employee Benefits Liability exclusion
89644 (07/05) -- Coverage Territory Endorsement (OFAC)

TERM:

~~Term shall be concurrent with the primary GL coverage and issued with a term no greater than one year.~~

Odd time extension of up to ninety (90) days can be granted subject to premium adjustment.

If the policy term is non-concurrent with effective date of the primary GL or any underlying policy containing a policy aggregate limit the non-concurrent endorsement must be attached.

Form 66123 (06/06)– Retained Limit Endorsement

UNDERLYING REQUIREMENTS FOR UMBRELLA COVERAGE:

- o General Liability-\$1,000,000 occ./\$2,000,000 ann. Agg. Combined Single Limit BI/PD. All provisions outlined in the Comprehensive General Liability Section of these guidelines shall apply.

- o Abuse and Molestation \$1,000,000/\$1,000,000 if covered
- o Automobile Liability- (includes hired and non-owned) \$1,000,000 CSL
- o Employers Liability-\$500,000/\$500,000 or as permitted by state regulation
- o Miscellaneous Liability-\$1,000,000 CSL (i.e. D&O, E&O)
- o Liquor Liability-\$1,000,000 each common cause/aggregate
- o Employee Benefit Liability-\$1,000,000 each wrongful act /aggregate (Claims Made Form)

UNDERLYING CARRIERS FOR COVERAGES NOT PROVIDED IN THE PROGRAM MUST BE BEST RATED AT LEAST A- VII OR ABOVE.

THE PREMIUM AND MINIMUM PREMIUMS FOR EACH POLICY SHALL BE AS APPROVED FOR USE BY THE COMPANY IN THE STATE WHERE COVERAGE IS AFFORDED.

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

17. LOSS CONTROL

LEXINGTON Programs is committed to quality and cost effective loss control. The most cost effective way to accomplish this is through the combination of telephone and on-site risk management surveys. The purpose of the surveys is to verify information obtained on the application, improve/enhance the insured's risk management program and to identify "exceptions" or critical information requiring the underwriter's review.

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

1. The Program Administrator should request a social service telephone survey within seven days of the effective date on all new business and every three (3) years thereafter if any of the following applies:
 - a. Total combined premium is between \$25,000 and \$75,000
 - b. At the discretion of the underwriter, a telephone survey may be requested more frequently or on accounts with a premium below \$25,000. Examples are: programs for special needs children; foster care; adoption.
2. The Program Administrator should request a social service physical survey on all new business and every three (3) years thereafter if any of the following applies:
 - a. Total combined premium is between \$75,000 and \$200,000
 - b. Property TIV \$2,000,000 or greater amount subject any one location. For accounts with multiple buildings/locations, a plan should be developed to complete location surveys within three years. The plan should be developed in conjunction with the Program Manager.
 - c. The underwriter has special instructions or questions that are best addressed with a physical survey.
 - d. At the discretion of the underwriter; a physical survey may be requested more frequently and regardless of premium size. Examples are higher risk exposures such as daycare and troubled youth residential facilities.
3. For accounts with total combined premium over \$200,000, the Program Administrator should request:

- a. Social service physical survey on all new business and every three (3) years thereafter.
 - b. Consultative services should also be requested annually (in addition to the social service physical survey). Consultative services may be requested on smaller accounts at the discretion of the underwriter.
4. The Program Administrator should review the survey report and recommendations (if any) within seven (7) calendar days of receipt. The underwriting file should reflect the review and the date it was done and any underwriting actions that may be necessary as a result of such review.
 5. AIGC, Program Division is responsible for mailing the insured and agent the survey letter and recommendations requesting a response to *essential* recommendations (if any) within 14 days.
 6. The underwriter is responsible for follow-up on *Essential* recommendations on or about day 45 when no response or a non-compliance response to *essential* recommendations was received.

18. NON-RENEWAL

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

19. MATERIAL CHANGE IN COVERAGE/RATE INCREASES

Many states require notification of any change in premium (includes not only base rate changes, but the premiums charged to an individual account) or restrictions in coverage. Some states will require notification to the policyholder prior to renewal, while other states may require a conditional non-renewal.

The underwriting authority within these guidelines is granted exclusively to _____ and may not be transferred to anyone without the prior consent of the issuing company. Any authority previously extended is hereby rescinded. Authority is to be used with discretion, as individual risks falling within the scope of the authority granted herein may vary. Whenever a questionable situation is confronted, it should immediately be referred for consideration. All authority granted herein is further subject to limitations and guidelines as outlined in the Company underwriting manuals and bulletins, and, as amended from time to time.

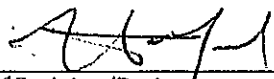
ACKNOWLEDGEMENT AND ACCEPTANCE

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

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

Acknowledged By:

Name of Recipient/Designee



Signature of Recipient/Designee

7-1-2011
Date

Delegated By:

Name of Grantor



Signature and Title

7-5-2011
Date