



AIG Programs

Non-Admitted Program Underwriting Authority

PREFERRED AVIATION

Edition Date:	October 15, 2014
Program Administrator:	Preferred Insurance Underwriters, LLC dba Preferred Aviation Underwriters 3321 North Berkeley Lake Road Suite 200 Duluth, GA 30096
Principal(s):	Thomas C. Adderhold, President of LLC Kimberly J. Stufflet, President of PAU
Program Description:	Aviation property, Crime, Inland Marine, General Liability, and Excess/Umbrella liability for general aviation and airport businesses.
Program Manager:	Gary Scarborough
Program Inception:	October 1, 2005
Division:	66 – AIG Programs
Related PUC Numbers:	0137 – General Aviation 0980 – Aviation Excess/Umbrella 0216 – AIG Aerospace
Program Territory:	United States of America including all territories and possessions
Program Commission:	Package – 24% Excess/Umbrella – 19%



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NOTICE – PLEASE READ CAREFULLY

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

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

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

1 PROGRAM OVERVIEW

1.1 ELIGIBLE BUSINESS – PROGRAM DESCRIPTION

You may underwrite, quote and bind business on behalf of the Company on eligible accounts for the Preferred Aviation Program (Hereinafter, the "Program") that meet the eligibility requirements as defined below.

The program will consist of accounts associated with or located on private, municipal or public airport facilities whose primary function is to service aircraft and passengers who use the airport facility or provide products or services to the aviation industry. These may include, but are not limited to, regional or municipal airports, international airports, fixed base operators, corporate flight departments, airline property, fuel storage farms, aviation machine shops, avionics shops, aircraft rental or instruction, aircraft sales agencies, aircraft parts, servicing or manufacturing. The program also includes risks that provide air support for helicopter operations. Air support services can include but is not limited to fire support, forest service operations and aerial crane services for the construction industry.

Eligible Classes	Description	GL Classification code	NAIC Codes
Airports—Private (Aircraft including helicopters)	Other Airport Operations Fixed base operators Hangar rental, aircraft	Property and OLT Coverage only GL Products-Operations and Products are excluded Refer to GL section for GL Class Codes	488119



Air Transportation Companies	Flight Training Aviation--Sales or Service Agency or Student Instruction	Same as above	611512
Aircraft or Aircraft Parts Mfg	Aircraft Parts and Auxiliary Equipment Mfg. NOC	Same as above	336412
Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals)	Fueling aircraft (except on contract basis)	Same as above	422720

The associated PUC (s) with this program are:

- PUC 0137 – General Aviation Property
- PUC 0980 – Aviation Excess/Umbrella
- PUC 0216 – AIG Aerospace

In addition, We require the following account attributes*:

- At least three (3) years in operation.
- In situations where an individual hanger-owner/lessee has established an LLC solely for the ownership/leasing of the hanger and is not operating a business under this LLC or where an individual is applying for coverage on a hanger owned/leased solely for private use, then the account may be written without a referral to the Home Office Program Manager provided that the hanger owner/lessee has confirmed the use of this hanger is personal. All other limit and premium authority restrictions under this document still apply.
- Three-year currently valued (within 180 days of the proposed effective date) hard copy loss history provided by the insurance carrier on new business (see Section 3.5 for additional information).
- The loss ratio for the current year, and separately, all lines combined for the past three years, must be 30% or less and have no single loss greater than \$50,000 (Incurred loss).
- In situations where the insured has not purchased coverage previously or is unable to obtain complete loss runs for the past 5 years, a no losses letter, on the named insured's letterhead and signed by an officer or partner of the named insured's corporation, LLC, LLP, partnership or sole-proprietorship, or a No Known Claims or Incidents Warranty, must be submitted to the Home Office Program Manager prior to releasing a quote on new business.
- 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.**
- If the premium total is over \$100,000, the insured must provide a financial statement indicating good current ratios and debt to net worth ratios (refer to Qwiknotes).



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

**For accounts with a D&B score of 0, 4, or 5, an Experian score of twenty five (25) or higher and not operating under any chapter of the US Bankruptcy code are acceptable as an alternative (with proper file documentation). Otherwise, you must submit the account to your Program Manager along with a copy of their current audited financial statements for approval prior to quote.

1.2 INELIGIBLE BUSINESS

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

Ineligible Risks:

Any Highly Protected Risk (HPR) airport facilities

Ineligible activities:

Not related to general aviation in any form.

2. AUTHORITY

2.1 INSURANCE COMPANIES

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

COMPANY NAME

Lexington Insurance Company (all states except DE)

AIG Specialty Insurance Company (DE only)

2.2 LINES OF BUSINESS / PREMIUM / OPERATING SYSTEM

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

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



LINES OF BUSINESS	PREMIUM AUTHORITY	OPERATING SYSTEM
Commercial Property/Inland Marine	\$ 100,000	Coverall
Commercial Package Policy	\$ 100,000	Coverall
Commercial General Liability	\$ 10,000	Coverall
Commercial Automobile	N/A	Coverall
Commercial Crime Coverage	\$ 25,000	Coverall
Umbrella Liability Coverage	\$ 15,000	Coverall
The sum of all policies and/or coverages written for one insured	\$210,000	

2.3 NAMED INSUREDS

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

Note: Individuals (i.e., natural persons) are not to be listed as a "Named Insured" on Our policies, except for policies for individuals where coverage is limited to individually owned aircraft hangers and at the location specified in the policy.

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

2.4 LIMITS AUTHORITY

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

PROPERTY/CRIME COVERAGES	Limits	
PROPERTY		
Commercial Property and/or Inland Marine	\$25,000,000	Maximum Amount Subject (gross) in Protection Class (PC) 1 – 8. Any electronics/photo equipment attached to aircraft is limited to \$150,000
	\$ 5,000,000	Amount subject any location in Protection Class 9 or 10
	\$75,000,000	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 – 250 Year MMI Zones 1 through 6.99 (derived from RiskMeter*),	\$ 500,000	
Earthquake Sprinkler Leakage – 250 Year MMI Zones 1 – 6.99 (derived from RiskMeter*),	\$ 500,000	
Flood – RiskMeter flood score over 40	No Authority	
Flood – RiskMeter flood score 10 - 40	\$ 500,000	
* See Qwiknotes for Information on RiskMeter		



Wind/Coastal Property	\$2,000,000	Refer to the Windstorm section of Property Qwik Notes for guidelines for your referral if the risk exceeds \$2MM. See Section 6.1.1 for wind loads
Equipment Breakdown	Per Equipment Breakdown Addendum	See Section 6.1.3 for Equipment Breakdown Addendum.
CRIME		
Commercial Crime (1): Employee Theft Forgery or Alteration	\$500,000	Per Occurrence
(1) Includes Employee Benefit Plans – when scheduled on the Declarations Page		
Inside the Premises: Theft of Money and Securities	\$100,000	
Inside the Premises: Robbery or Safe Burglary of Other Property	\$100,000	
Outside the Premises	\$ 50,000	
Computer and Funds Transfer Fraud	\$ 25,000	
Money Orders and Counterfeit Money	\$ 5,000	
Employee Benefits Plan (ERISA)	\$500,000	(if required by ERISA)
All other Commercial Crime	No Authority	

BUILDERS RISK COST/TOTAL	HARD AND SOFT	Protection Class 1-6	Protection Class 7-8	Protection Class 9-10
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BUILDING CONSTRUCTION:				
Frame and Joisted Masonry	\$2,500,000	\$2,500,000	No Authority	
Non-Combustible (ISO Construction Class 3)	\$5,000,000	\$5,000,000	No Authority	
Masonry Non Combustible, Semi-Fire Resistive, and Fire Resistive	\$5,000,000	\$5,000,000	No Authority	
	\$5,000,000	\$5,000,000	No Authority	

- Coverage is a referral if the "Soft Costs" limit exceeds 20% of the Builders Risk "Hard Costs"
- "Soft Cost" Limits must be scheduled for each type of cost to be covered with respective limit

GENERAL LIABILITY/AUTOMOBILE/GARAGE/UMBRELLA	Limits
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Commercial General Liability and Products Liability	\$1,000,000 \$2,000,000 No Authority	Each Occurrence General Aggregate Products-Completed Operations Aggregate
Medical Payments	\$ 10,000	
Personal/Advertising Injury	\$1,000,000	Each Occurrence
Damage to Premises Rented to You	\$ 100,000	



Commercial Umbrella	\$ 9,000,000	Each Occurrence
	\$ 9,000,000	General Aggregate Limit
Commercial Umbrella Excess Follow Form	\$ 9,000,000	Each Occurrence
	\$ 9,000,000	General Aggregate Limit
	No Authority	Products-Completed Operations Aggregate

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) greater than \$2,000,000 TIV, 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, except for risks with a TIV equal to or less than \$2,000,000 – See Section 6.1.1. for the wind load table.

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

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

2.6 ADHERENCE TO RULES/LOSS COSTS/FORMS

2.6.1 ISO PRODUCTS / AAIS PRODUCTS / PROPRIETARY PRODUCTS

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

INSURANCE SERVICES ORGANIZATION	AAIS	PROPRIETARY PRODUCTS
Commercial General Liability	Inland Marine	Property One or Enhanced Property Equipment Breakdown Commercial Umbrella
Commercial Property		
Commercial Crime		

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

- Coverage Forms and Endorsements
- Loss Costs, Expected Loss Potentials and/or Rates
- Increased Limits Factors
- Rating Plans
- Classification Plans
- Manual Rules



Package Modification Factors

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

2.7 POLICY TERM

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

2.8 PRICING AUTHORITY

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

PRICING/RATING PLAN	
AAIS Rating Plans for the following lines of business:	Approved
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	No Authority
Loss sensitive rating or retrospective rating	No Authority
Large or Special Risk Rating	No Authority
Use of any other State Approved "Deregulation" relative to rate or form use	No Authority
Dividend plans: Individual risk or entire program	No Authority
Premium deferral or cash-flow programs, or compensating balance programs	No Authority
Rate guarantees beyond the annual policy term	No Authority
Self insured retentions	No Authority
Preferred Risk Property (PropertyOne Rating Plan)	Approved
Consent to Rate Rules	No Authority

2.8.1 ISO "REFER TO COMPANY" RULES

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

2.9 LIMITATIONS TO AUTHORITY

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



2.9.1 LIMITATIONS: GENERAL LIMITATIONS

No authority exists to:

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

2.9.2 LIMITATIONS: COVERAGES

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

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



2.9.3 LIMITATIONS: POLICY TERMS AND CONDITIONS

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

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

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

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

2.11 POLICY ISSUANCE AUTHORITY AND SERVICE STANDARDS

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

2.12 APPROVED COVERAGE FORMS AND ENDORSEMENT AUTHORITY

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

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



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

2.13 DELEGATION OF AUTHORITY

The person designated in Section 5 (the "Designee") may delegate the underwriting authority set forth herein to employees of the Program Administrator, provided such employees are under the employ and direct supervision of such designee. Any such delegation of authority must be done in writing, maintained on file at the Program Administrator's 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 Administrator's office.

2.14 SURPLUS LINES HANDLING AND RELATED CONSIDERATIONS

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

6 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 these Guidelines. Likewise, if any exposures are excluded from coverage, you must document the file accordingly. The underwriting file must contain sufficient information and organized in a manner that will allow anyone to understand the Program Administrator's underwriting intent by reading the file.

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

- Signed and dated application(s) – see Section 3.2.
- Account reservation (eStart) confirmation page, including the D&B credit score and any credit or underwriting alerts contained therein – see Section 3.3.
- Account summary worksheet - See Section 3.4.
- Loss runs or a letter of no known losses where applicable – see Section 3.5.
- Final rating worksheets.



- Where a policy is ISO 'a' or 'range' rated, documentation supporting the rate selected and where needed, approved by the Program Manager.
- Declarations Page (including full legal address of the Insured).
- All correspondence pertaining to coverage or premium, including referrals.
- Referral approvals, declinations, if any.
- All quotes retained in a .pdf format along with the email cover letter.
- All binders, retained in a .pdf format along with the email cover letter.
- Complete copy of the policy, which must include a schedule of forms (either paper or electronic copy)
- Copies of any:
 - a. Mid-term endorsements;
 - b. Notices of cancellation;
 - c. Additional Insured endorsements;
 - d. Non-Renewal notices;
 - e. Renewal notices;
 - f. Premium audits;
 - g. Loss Control Reports.
- When you are acting in the capacity as surplus lines broker of record, all state required surplus lines documentation requirements – See Section 2.14

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

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

3.1.1 PROPERTY FILE DOCUMENT REQUIREMENT

- a. IRPM worksheet, including those written with a unity (1.00 mod) and justification for all schedule credits/debits applied.
- b. PRRP (Preferred Risk Rating Property – PropertyOne) worksheet when PropertyOne form is used.
- c. Signed Statement of Values (SOV) when blanket property or agreed value is used.

3.1.2 GENERAL LIABILITY FILE DOCUMENT REQUIREMENT

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

3.1.3 UMBRELLA / EXCESS CASUALTY FILE DOCUMENT REQUIREMENT

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



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

3.2 APPLICATIONS

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

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

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

3.3 ACCOUNT CLEARANCE/RESERVATION IN 'E START'

You must enter all accounts and Named Insureds into the AIG reservation system (eSTART) prior to the release of a quote. You must include evidence of the reservation clearance in the underwriting file. You must resolve all Underwriting Alerts, Credit Alerts and Hard Blocks as directed by your Program Manager prior to quote and retained in the file. In addition, when an account is bound, it must be updated in eStart to reflect a bound status.

Risks owned by individuals or partnerships with no D&B number may be quoted subject to clearance prior to binding..

3.4 ACCOUNT SUMMARY WORKSHEET

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

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

3.5 LOSS RUNS/LOSS ANALYSIS

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



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

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

3.6 REFERRAL PROCESS / REQUIRED DOCUMENTATION

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

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

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

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

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

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

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

1. When limited by the Program Manager and stated in their approval email; or
2. Deterioration of previously approved three year account loss ratio; or
3. 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 are any changes to limit(s) or deductible(s); or
 - Windstorm in a "wind control zone" (unless otherwise provided in the written approval); or
 - If the key amount subject increases by more than 10% above the approved amount subject limit; or
 - Any amount subject value over \$40,000,000.

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

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



3.7 DEDUCTIBLES / SIR PROCEDURES

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

3.8 QUOTATION

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

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

3.8.1 SURPLUS LINES REQUIREMENTS FOR QUOTATIONS

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

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

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

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

3.9 BINDERS

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

You must issue a binder whenever a policy is not issued and mailed (USPS or electronically) within five (5) business days of the policy's effective date and outline the final agreed-upon terms and conditions (which may differ from the quote letter assuming the changes are non-monetary). All binders must be converted to a .pdf format, sent via email, and retained in the underwriting file, along with the dated cover letter that accompanied the binder. 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 include at least 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 binders or binder letters must contain the following language:

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

3.9.1 SURPLUS LINES REQUIREMENTS FOR BINDERS

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

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

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

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

3.10 OTHER UNDERWRITING CONSIDERATIONS

3.10.1 DECLINATIONS/NON RENEWALS/CANCELLATIONS

You must provide proper and timely cancellation and/or non-renewal notices to policyholders, and such other entities as required by the policy, any application law, rule, regulation or order, or the Company. Declination of any submitted new business account must be done in writing and in a timely manner.

3.10.2 MATERIAL CHANGE IN COVERAGE/RATE INCREASES

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



3.10.3 STATE SPECIFIC AMENDATORY ENDORSEMENTS AND POLICY NOTICES

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

3.10.4 HEADQUARTERS STATE RULE

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

3.10.5 TERRORISM RISK INSURANCE ACT (TRIA)

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

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

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

3.10.6 OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

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

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

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

3.10.7 COMMISSION – POLICYHOLDER NOTICE

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



4 ADMINISTRATION AND SERVICE

4.1 LOSS CONTROL

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

Refer to QWIK Notes loss control section for specific requirements.

4.2 PREMIUM INSTALLMENTS AND FINANCING

This program has approved installments offered through Cover-All as follows:

- 25% down and 9 equal monthly installments
- 40% down and 3 quarterly installments

Premium financing is allowed but is not offered by the Company.



5. ACKNOWLEDGEMENT AND ACCEPTANCE

ACKNOWLEDGEMENT AND ACCEPTANCE

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

Please sign below and return an executed copy of these Underwriting Guidelines to your Program Manager within 30 days. If AIG Programs does not receive the executed copy within such time, these Underwriting Guidelines will automatically go into effect on October 31, 2014.

I acknowledge and accept the terms and conditions set forth in these Underwriting Guidelines.

Acknowledged By:

Delegated By:

Preferred Insurance Underwriters, LLC
Name of Program Administrator

Lexington/AIG Programs
Name of Insurers

Kimberley J. Stufflet
Name of Recipient/Designee

Robert O'Neil
Name of Grantor

President
Title of Recipient/Designee

Product Line Manager
Title of Grantor

Kimberley J. Stufflet
Signature of Recipient/Designee

Robert O'Neil
Signature of Grantor

10/13/2014
Date

10/13/2014
Date

6. ADDENDA - LINE OF BUSINESS GUIDANCE, LOSS COSTS/RULES/FORMS

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



6.1 PROPERTY / INLAND MARINE / CRIME

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

The company accepts ACORD Applications.

6.1.1 APPROVED RATES/LOSS COSTS/LOSS COST MULTIPLIERS – PROPERTY / INLAND MARINE / CRIME

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

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

If an account meets the criteria for use of the PropertyOne rating plan, such rating requires referral and approval if the final rate is more than 40% below ISO

Minimum Rates for all other Inland Marine coverages (IM Floater – trip transit – transportation, etc.): Subject to AAIS rating plan, or as otherwise filed by Company, and shown in this document.

See the following rate table for wind loads on risks with TIV equal to or less than \$2MM:

MINIMUM WIND LOAD RATE TABLE
Up to a maximum TIV of \$2,000,000

State	ISO Construction Types		
	1 – 2	3	4- 5
AL	\$0.401	\$0.348	\$0.313
CT	\$0.366	\$0.319	\$0.287
DE	\$0.061	\$0.053	\$0.048
FL**	\$1.113	\$0.985	\$0.887
GA	\$0.050	\$0.043	\$0.039
HI	\$0.294	\$0.256	\$0.230
LA	\$0.473	\$0.411	\$0.370
MA	\$0.168	\$0.146	\$0.131
MD	\$0.064	\$0.056	\$0.050
ME	\$0.014	\$0.012	\$0.011
MS	\$0.309	\$0.268	\$0.242
NC	\$0.201	\$0.174	\$0.157
NJ	\$0.039	\$0.034	\$0.031
NY	\$0.183	\$0.159	\$0.143
RI	\$0.380	\$0.330	\$0.297
SC	\$0.213	\$0.186	\$0.167
TX	\$0.666	\$0.579	\$0.521
VA	\$0.019	\$0.017	\$0.015

*Add to the AOP base rate or the sum of the Group I and Special base rates.

No deviation greater than +/-15% from these rate allowed unless the risk has been specifically modeled under the current RMS modeling system.

**FL minimum wind deductible is 5%



DEDUCTIBLE FACTORS

WIND DEDUCTIBLE AMOUNT	FACTOR
\$25,000	1.50
\$50,000	1.40
1%	1.20
2%	1.15
3%	1.00
5%*	0.95

*FL No deductible credit applies

6.1.2 APPROVED RULES – PROPERTY / INLAND MARINE / CRIME

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

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

6.1.3 APPROVED FORMS - PROPERTY / INLAND MARINE / CRIME

ISO forms are to be used on most accounts. PropertyOne forms can be used on accounts where building coverage is included and written on a replacement cost basis. Public Protection Class must be 1 – 8.

FORM#	PROPERTY FORM/TITLE	LIMITATIONS
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MANDATORY ATTACHMENTS – ALL POLICIES

91222 (04/13)	Policyholder Notice - Commission	None
IL 0017 (11/98)	Common Policy Conditions – ISO CPP (only)	All states except WA
IL 0146 (08/10)	Common Policy Conditions – ISO CPP (only) - WA	WA
89644 (06/13)	Economic Sanctions Endorsement (OFAC)	All states except AK
89644 (07/05)	Economic Sanctions Endorsement (DFAC)	AK
96556 (02/08)	Policyholder Disclosure Notice of Terrorism Insurance Coverage	
102214 (06/10)	Georgia Diminution of Value Exclusion	Mandatory if GA Locations

PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS

"ENHANCED" PROPERTY BASE FORMS:

NOT APPROVED IN AK, LA, FL

The forms in blue font below are available for use when using our "Enhanced Property" products,

97100 (05/08)	Commercial Property Conditions
97101 (05/08)	Common Policy Conditions (Use IL 0017 for Package Policies)
97069 (03/08)	Supplemental Declarations



97064 (03/08)	Business and Personal Property Cov Form	
97072 (05/08)	Cause of Loss – Special Form	
100381 (12/08)	Cov for Loss to the Undamaged Portion of Bldg	
100380 (12/08)	Ordinance or Law Amendatory Endorsement	
99079 (05/08)	Exclusion of Loss Due to Virus or Bacteria	Except NY, MA
CP 01 78 08 08	NY – Exclusion of Loss Due to Virus or Bacteria	NY
CP 01 76 09 06	MA 0 Exclusion of Loss Due to Virus or Bacteria	MA
OPTIONAL ENDORSEMENTS (ISO and ENHANCED UNLESS OTHERWISE NOTED)		
97070 (05/10)	Business Income (and Extra Expense) Coverage Form	
CP 1065 (10/12)	Flood Coverage Endorsement	Except CA, HI, TX
CP 1065 (06/07)	Flood Coverage Endorsement	CA, HI, TX
CP 1045 (10/12)	Earthquake and Volcanic Eruption (Sub Limit Form)	Except CA, HI, OR, TX
CP 1045 (08/99)	Earthquake and Volcanic Eruption (Sub Limit Form)	CA, HI, TX
CP 1045 (02/00)	Earthquake and Volcanic Eruption (Sub Limit Form)	OR
97065 (04/08)	Equipment Breakdown Exclusion (mandatory when not providing Equipment breakdown coverage)	
97081 (04/08)	Equipment Breakdown-Other Conditions Endt	
99127 (06/08)	Mortgagee Clause – Washington	WA
97091 (03/10)	Blanket Limits Per Premises Endorsement	
97092 (05/08)	Margin Clause	
90610 (11/08)	Windstorm or Hail Deductible Endorsement	Limited to AL, CT, DC, DE, GA, HI, MA, MD, ME, MO, NC, NH, NJ, RI, SC, TX, VA ALL STATES
CP 0320 (10/92)	Multiple Deduct (Fixed Dollar Deduct)	All other states
CP0321 (10/12)	Windstorm or Hail (Percentage) Deductible Endorsement	Limited to AL, CT, DC, DE, GA, HI, MA, MD, ME, MO, NC, NH, NJ, RI, SC, TX, VA
100382 (12/08)	Windstorm or Hail Deductible Endorsement with Named Storm Definition	SC
101139 (04/09)	Windstorm or Hail Deductible Endorsement with Named Storm Definition - SC	Except NC, NY, SC, TX, WA
CP 1054 (06/07)	Windstorm or Hail Exclusion NY - you cannot exclude Windstorm or Hail on an Admitted basis	
CP 1061 (06/07)	Windstorm or Hail Exclusion	NC
CP 1059 (06/07)	Windstorm or Hail Exclusion	SC
CP 1057 (06/07)	Windstorm or Hail Exclusion	TX
CP 1063 (06/07)	Windstorm or Hail Exclusion	WA
97036 (02/08)	Upgrade to Green	Except CT
99712 (08/08)	Upgrade to Green – CT	CT
110286 (06/12)	Ordinary Payroll Exclusion	
106360 (09/10)	Surface Water Amendatory	
106371 (10/10)	Blanket Limits - Stock	
CP 1036 (10/12)	Limitations on Coverage for Roof Surfacing	Except CA, CT, CO, HI, IL, IN, MA, MO, NH, TX, WY
115114 (10/13)	Limitations on Coverage for Roof Surfacing	CA, CO, IL, TX,
CP 1048 (10/12)	Limitations on Coverage for Roof Surfacing - MO	MO
CP 1022 (10/12)	ACV for Roof Surfacing - CT	CT
CP 1023 (10/12)	ACV for Roof Surfacing - MA	MA
CP 1025 (11/13)	ACV for Roof Surfacing - IN	IN
CP 1049 (01/12)	ACV for Roof Surfacing - WY	WY
	<i>NOTE: no "Roof Surfacing" endorsements are available in HI, NH.</i>	
110242 (02/12)	Property Coverage Amendatory	CT, MA, ME, RI, VT



PROPERTYONE (IPIS) BASE FORMS

MANDATORY BASE FORM COMMERCIAL PROPERTY COVERAGE

63948 (12/11)	NHIC Supplemental Declarations Page	Except AK
111470 (10/12)	NHIC Supplemental Declarations Page: AK only	AK
63949 (12/11)	GS Supplemental Declarations Page	Except AK
111471 (10/12)	GS Supplemental Declarations Page: AK only	AK
63050 (12/11)	INIC Supplemental Declarations Page	Except AK
111472 (10/12)	INIC Supplemental Declarations Page: AK only	AK
64543 (12/04)	Property Coverage Form	

MANDATORY ENDORSEMENTS - PROPERTYONE

97080 (02/12)	Amendatory Endorsement	Except WA
111768 (11/12)	Amendatory Endorsement – WA	WA
111881 (02/13)	Ordinance or Law Amendatory	Except MD, NY,
115136 (12/13)	Ordinance or Law Amendatory – NY	NY

PROGRAM OPTIONAL ENDORSEMENTS: PROPERTYONE

63940 (12/04)	Extension of Supplemental Declarations	
63958 (06/04)	Schedule of Premises	
64872 (12/04)	Business Income and Extra Expense Coverage Part	
64545 (12/04)	Property Coverage Form – Flood Endorsement	
64546 (12/04)	Property Coverage Form – Earth Movement	
64550 (02/05)	Equipment Breakdown Exclusion (mandatory when not providing Equipment breakdown coverage)	
110319 (07/12)	Equipment Breakdown – Other Conditions Endorsement.	Except FL
67281 (12/04)	Sprinkler Leakage Earthquake Exclusion	
67282 (12/04)	Sprinkler Leakage Earthquake Limitation	
97091 (03/10)	Blanket Limits Per Premises Endorsement	Except AK, FL, LA
97091 (10/13)	Blanket Limits Per Premises Endorsement	AK, FL, LA
97092 (05/08)	Margin Clause	Except AK, FL, LA
97092 (10/13)	Margin Clause	AK, FL, LA
111796 (01/13)	Limitation of Coverage for Roof Surfacing	Except CT, IN, MA, MD, NH, WY
113799 (01/13)	CT: ACV for Roof Surfacing	CT
111716 (06/13)	IN: ACV for Roof Surfacing	IN
111795 (01/13)	MA: ACV for Roof Surfacing	MA
111797 (01/13)	MO: Limitation of Coverage for Roof Surfacing	MO
113718 (07/13)	NH: ACV for Roof Surfacing	NH
111798 (01/13)	WY: ACV for Roof Surfacing	WY
111464 (01/13)	Discharge From Sewer, Drain or Pump (Not Flood Related)	Except HI
90611 (05/07)	Windstorm or Hall Exclusion	Except CO, LA, NY, SC, TN, TX, (cannot exclude Wind in NY on Admitted Business)
96358 (10/07)	Windstorm or Hall Exclusion – Texas	TX
97040 (03/08)	Windstorm or Hall Exclusion – South Carolina	SC
90610 (11/08)	Windstorm or Hall Deductible Endorsement	Limited to AL, CT, DC, DE, FL, GA, HI, LA, MA, MD, ME, MO, NC, NH, NJ, RI, SC, TX,



CP 0320 (10/92)	Multiple Deduct (Fixed Dollar Deduct) OR:	VA
CP0321 (10/12)	Windstorm or Hail (Percentage) Deductible Endorsement	All other states
100382 (12/08)	Windstorm or Hail Deductible Endorsement with Named Storm Definition	All other states
101139 (04/09)	SC Windstorm or Hail Deductible Endorsement with Named Storm Definition	Limited to AL, CT, DC, DE, GA, HI, LA, MA, MD, ME, MO, NH, NJ, NC, RI, TX, VA
94347 (04/07)	Peak Season Limit of Insurance	SC
94453 (05/07)	Fine Arts Amendatory Endorsement	Except LA, NY
110285 (06/12)	Ordinary Payroll Exclusion	Except LA, NY
94454 (05/07)	Vacancy Permit	Except AK
108114 (09/12)	Protective Safeguards Endorsement	Except LA, NY
97037 (02/08)	Upgrade to Green	Except CT
99713 (08/08)	Upgrade to Green: CT	CT
110316 (07/12)	Blanket Limits -- Stock Endorsement	
115129 (01/14)	Additional Property Not Covered Endorsement	Except CA, DE, FL, LA, MA, MD, NE, NY, WY
110286 (06/12)	Ordinary Payroll Exclusion	Except AK, FL, LA
CP 1510 (10/12)	Ordinary Payroll Exclusion	AK
CP 1510 (06/07)	Ordinary Payroll Exclusion	FL, LA

FORM# CRIME LIMITATIONS

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

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

In the event 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 our policy. However, use of this form is strongly discouraged.

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

CRIME BASE FORM POLICIES

CRDS 01 (08/13)	Crime & Fidelity Part Declarations	Except CA, CO, FL, LA, MD, NY
CRDS 01 (08/07)	Crime & Fidelity Part Declarations	MD
CRDS 01 (07/02)	Crime & Fidelity Part Declarations	CA, CO, FL, LA, NY
CR 0021 (08/13)	Commercial Crime Coverage Form -- Loss Sustained Form	Except CA, CO, FL, LA, MD, NY
CR 0021 (05/06)	Commercial Crime Coverage Form -- Loss Sustained Form	CA, CO, FL, LA, MD, NY

MANDATORY ENDORSEMENTS

CR 0413 (08/13)	Protected Information Exclusion	Except CA, CO, FL, LA, MD, NY
CR 0413 (05/06)	Protected Information Exclusion	CA, CO, FL, LA, MD, NY



CR 2028 (08/07)	Add Protective Devices or Services	Except CA, CO, DE, FL, HI, LA, IL, MA, MN, NY, TX
CR 0147 (08/07)	Add Protective Devices or Services - MN	MN

PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS

6.2 GENERAL LIABILITY

Unless specific guidelines apply, refer to the Division 66 General Liability Qwiknotes

The company accepts ACORD Applications.

6.2.1 RATES/LOSS COSTS/LOSS COST MULTIPLIERS – GENERAL LIABILITY

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

6.2.2 APPROVED RULES – GENERAL LIABILITY

Refer to Company rules exist for our programs and are summarized in Qwiknotes. 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.

6.2.3 APPROVED FORMS – GENERAL LIABILITY

FORM#	GENERAL LIABILITY/FORM TITLE	LIMITATIONS
MANDATORY ATTACHMENTS -- ALL POLICIES		
91222 (04/13)	Policyholder Notice - Commission	None
CG 0001 (04/13)	Commercial General Liability Coverage Form	Except FL, HI
89644 (06/13)	Economic Sanctions Endorsement (OFAC)	All states except AK
89644 (07/05)	Economic Sanctions Endorsement (OFAC) - AK, MA,	AK
96556 (02/08)	Policyholder Disclosure Notice of Terrorism Insurance Coverage	
IL 0021 (09/08)	Nuclear Exclusion	Except HI, NE, NY, WA
IL 0021 (07/02)	Nuclear Exclusion – HI	HI
IL 0021 (05/02)	Nuclear Exclusion – NE	NE
IL 0023 (07/02)	Nuclear Exclusion – NY	NY
IL 0198 (09/08)	Nuclear Exclusion - WA	WA



62898 (07/12)	Radioactive Matter Exclusion	
CG 2147 (12/07)	Employment Related Practices Exclusion	Except TX, WA
CG 2639 (12/07)	Employment Related Practices Exclusion – TX	TX
CG 0197 (12/07)	Employment Related Practices Exclusion - WA	WA
CG 2146 (07/98)	Abuse or Molestation Exclusion	Except HI, IL, NJ, TX, VT
CG 2646 (04/99)	Abuse or Molestation Exclusion	TX
113513 (03/13)	Abuse or Molestation Exclusion	NJ, VT
IL 0017 (11/98)	Common Policy Conditions	All states except WA
IL 0146 (08/10)	Common Policy Conditions - WA	WA
58332 (08/07)	Lead Exclusion	Except AK, CA, LA, MA, ME, NH, NJ, NY, OK, TX, VA
58332 (07/93)	Lead Exclusion – CA, LA, OK, TX, VA	CA, LA, OK, TX, VA
111516 (08/12)	Lead Exclusion – MA	MA
96571 (11/07)	Lead Exclusion – NJ	NJ
96832 (12/07)	Lead Exclusion – NY	NY
64004 (07/12)	ERISA Exclusion	
78689 (07/03)	Fungus Exclusion	Except AK, GA, KS, LA, MA, NH, NY, VA, WA
78689 (08/01)	Fungus Exclusion – VA	VA
CG 2167 (12/04)	Fungus Exclusion – GA, KS, NH	GA, KS, NH
CG 3210 (04/05)	Fungus Exclusion – LA	LA
78379 (04/02)	Fungus Exclusion – MA	MA
79277 (02/04)	Fungus Exclusion - WA	WA
82540 (07/12)	Asbestos and Silicosis Exclusion	Except LA, NY
90024 (10/05)	Asbestos and Silicosis Exclusion – LA	LA
96834 (03/08)	Asbestos and Silicosis Exclusion - NY	NY
CG 2149 (09/99)	Total Pollution Exclusion	Except AK, IL, MN, TX, VA, VT
CG 3267 (09/08)	Total Pollution Exclusion – AK	AK
IL 0003 (09/08)	Calculation of Premium	Except HI, NE, NY
IL 0003 (09/07)	Calculation of Premium – HI	HI
IL 0003 (08/07)	Calculation of Premium – NE	NE
IL 0185 (08/08)	Calculation of Premium - NY	NY
CG 2106 (05/14)	Exclusion - Access or Disclosure of Confidential or Personal Information (Coverage B only)	New - ISO mandatory. Except MD

ANYTIME THERE IS A KNOWN INDIANA EXPOSURE (Payroll/Location):

115924 (10/13) Indiana Amendatory - Definition of Pollutants (see 'I' below)
 (1) When the insured is Headquartered in a state other than Indiana but has known exposure (payroll, property exposures), include the following policyholder notice):



84337 (04/04) Policyholder Notice - Amendatory Endorsement. Include the following wording: "We are amending your policy by adding Endorsement 115924 (10/13), Indiana Amendatory Endorsement. This endorsement restricts the insurance you are provided by excluding coverage for all pollution exposures in the state of Indiana and/or for which Indiana law applies" Except IN

PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS

6.3 EXCESS / UMBRELLA

Unless specific guidelines apply, refer to the Division 66 Umbrella Qwiknotes.

See the Qwik notes for our Umbrella underwriting guidelines. .

6.3.1 APPROVED RATES/LOSS COSTS/LOSS COST MULPLIERS – EXCESS UMBRELLA

Use AIG Rating Plan for Standard Umbrella found in Umbrella Qwiknotes.

6.3.2 APPROVED RULES – EXCESS UMBRELLA

6.3.3 APPROVED FORMS – EXCESS UMBRELLA

FORM# STANDARD UMBRELLA FORM/TITLE LIMITATIONS

MANDATORY ATTACH: ALL STANDARD UMBRELLA POLICIES

91222 (04/13)	Policyholder Notice - Commission	None
96556 (1/08)	Policyholder Disclosure Notice of Terrorism Insurance Coverage	
89644 (06/13)	Economic Or Trade Sanctions Condition Endorsement	All states except AK
89644 (07/05)	Economic Or Trade Sanction Condition	AK
57696 (10/04)	Commercial Umbrella Declarations	None
57697 (10/04)	Standard Commercial Umbrella	None
57833 (6/93)	Schedule of Underlying Insurance	None
81256 (3/06)	Act of Terrorism Self Insured Retention Endorsement	Except FL, OH, OK
94126 (2/07)	Certified Act of Terrorism Self-Insured Retention Endorsement (Florida Only)	FL only



93947 (1/07)	Act of Terrorism Self Insured Retention Endorsement (LIMITED STATES ONLY)	OH
94150 (3/07)	Act of Terrorism Self Insured Retention Endorsement (Oklahoma Only)	OK only
86435 (8/09)	Aircraft Products And Grounding Exclusion	
83823 (1/04)	Anti Stacking Endorsement	Except VA
60441 (5/94)	Cross Suits Exclusion	
60436 (5/94)	D&O Liability Exclusion	
74562 (10/03)	EIFS Exclusion	Except AL
89438 (6/05)	Employee Benefits Liability Exclusion (<i>do not attach if providing EBL</i>)	
81510 (2/03)	Formaldehyde Exclusion Endorsement	
78691 (08/01)	Fungus Exclusion	Except MA, WA
79380 (4/02)	Fungus Exclusion - MA	MA
79279 (03/02)	Washington Fungus Exclusion	WA
89440 (6/05)	Knowledge of Occurrence	
86436 (8/04)	Lead Exclusion	Except ME, NH
87251 (12/04)	Liquor Liability Exclusion	
91022 (5/06)	Advertising Injury and Personal Injury Limitation Endorsement	
86379 (8/04)	Pre-existing Damages and Defects Exclusion	
60458 (9/07)	Professional Liability Exclusion	
63841 (1/04)	Radioactive Matter Exclusion	
60423 (5/94)	Sexual Abuse Or Molestation Exclusion	Except IL, NE, VT
81522 (2/03)	Silica Exclusion	
57725 (6/93)	Subsidence Exclusion	
62221 (3/03)	Total Pollution Exclusion	Except IL, LA, VT
79346 (3/02)	Total Pollution Exclusion With Building Equipment and Hostile Fire Exception (Louisiana)	LA only
87260 (12/04)	Violation of Communication Law Exclusion	
82852 (8/03)	Disclosure Notice - Formaldehyde	TX only
82851 (8/03)	Disclosure Notice - Lead	TX only
82854 (8/03)	Disclosure Notice - Asbestos	TX only

PLUS ALL REQUIRED STATE AMENDATORY ENDORSEMENTS

6.4 MISCELLANEOUS COVERAGES – EQUIPMENT BREAKDOWN

Program Administrator: Preferred Insurance Underwriters



General Statements Regarding Eligibility

- **Eligible Occupancies:** Accounts associated with or located on private, municipal or public airport facilities whose primary function is to service aircraft and passengers who use the airport facility or provide products or services to the aviation industry. Regional or municipal airports, International airports, fixed base operators, corporate flight departments, airline property, fuel storage farms, aircraft rental or instruction, aircraft sales agencies or aircraft parts. Also included are Aviation machine shops, avionics shops, servicing or manufacturing locations.

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 \$25,000,000
- 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

Deductibles:

The Equipment Breakdown deductibles for Property Damage and Business Income follow the Property Policy Property Damage Deductible and Business Income Deductible, subject to a \$1,000 minimum.

Rates:

.01 Per \$100 of TIV. To increase sublimits from \$25,000 to \$100,000- 1.04 factor.

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



Definitions as respects Equipment Breakdown Coverage:

- "TIV" is Total Insured Value and is defined as 100% Building Value, 100% Business Personal Property (excluding stock) Value and 100% Business Income Value.
- "Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

6.5 SURPLUS LINES FORMS – MANDATORY USE

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

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

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

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

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

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

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