



## AIG Programs

### Program Underwriting Authority

### Safehold Farm & Ranch

Edition Date: 07/10/2015

Program Administrator: Safehold Special Risk, Inc.  
400 Interstate North Parkway  
Suite 1000  
Atlanta, GA 30339

Principal(s): Dennis Sparks

Program Description: The program will provide General Liability, Personal Liability, Employers Liability, Auto, Property, Inland Marine & Umbrella coverage for agribusiness conducted by family farming operations which are not engaged in further processing or food manufacturing.

Program Manager: Heather Warren

Program Inception: 04/2015

Division: 66 – AIG Programs

Related PUC Numbers: 0976 – Farm & Ranch Pkg & Auto  
0977 – Farm & Ranch XS  
0978 – Animal Farming Pkg & Auto  
0979 – Animal Farming XS

Program Territory: United States except Hawaii and District of Columbia

Program Commission: 23% All Lines



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## NOTICE – PLEASE READ CAREFULLY

This Program Underwriting Authority (the “Authority”) set forth the terms and conditions pursuant to which the Program Administrator named in Section 6 hereof (referred to hereinafter as the “Program Administrator”, “You” or “Your”) may place business with the insurance companies named in Section 2.1 hereof (collectively referred to hereinafter as the “Company”, “We”, “Us” or “Our”) in accordance with the Program Administrator Agreement between the Company and the Program Administrator.

Periodically during the year you may receive a change from us that directly correlates to this Authority document. That change will be deemed to be effective as of the date of the publication of the bulletin unless otherwise specified. Such changes, which may include rates, rules or form approval changes, will be integrated in to future Authority documents. The Program Administrator employee listed in Section 6, as the person assigned the underwriting authority granted herein, is responsible for the coordination with the Program Administrator’s staff of periodic updates to this Authority.

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

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

Please sign the acknowledgement and acceptance form in Section 6 and return an executed copy of the Program Underwriting Authority to your Program Manager within 30 days. If your Program Manager does not receive the executed copy within such time, this Authority will automatically go into effect on the date set forth in Section 6.

### 1. PROGRAM OVERVIEW

#### 1.1 ELIGIBLE BUSINESS – PROGRAM DESCRIPTION

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

1. Farming and Ranching Operations –
  - The growing of field crops, fruit, nuts, vegetables, flowers, greenhouse or nursery stock or sod.
  - The sale of fresh, unaltered/unprocessed product, through farmers market or other informal retail outlet of that nature. This would include “farm to fork” sales to a restaurant directly from the farm.
  - Livestock, worms, chicken and turkey growers, egg producers and laying houses and swine confinement. This would include ranching operations that hold an occasional/incidental on-site auction.
2. Farm Property –
  - Barns, hog & chicken housing, grain bins, packing sheds, other outbuildings and structures, including permanently attached fixtures and equipment.



- Farm personal property including but not limited to equipment, agricultural machinery, implements, supplies, feed, seed, fertilizer, hay, straw, fodder and stock (excluding live growing crops).
- 3. Residential Property
  - Owner and tenant occupied dwellings, unscheduled household personal property, adjacent private structures
  - Scheduled personal property including but not limited to jewelry, fine arts and guns.
- 4. Farm Liability
  - Ownership or management with evidence of controls for premises/operations.
  - Standard farming operations, personal and product liability exposures which are properly contemplated within the available classifications.
  - Tree farms and land mitigation banks and conservation zones.
- 5. Inland Marine
  - Mobile equipment designed for agricultural applications, (harvesters, combines, pickers, seeders, applicators).
  - Other mobile equipment and self propelled vehicles used for farming operations.
  - Watercraft less than 20 feet in length and less than 75 horsepower.
- 6. Employers Liability
  - Farm labor or farm clerical (office) employees
  - This coverage is for the following classes only:
    - i. family farms growing row crops, including grains, edible beans and similar crops
    - ii. family farms with poultry exposures, including chickens, ducks, turkeys and other small animals including rabbits.
    - iii. family farms with livestock exposure and 3 or fewer permanent employees or 3 or fewer seasonal employees.
- 7. Automobiles
  - Local (50 mile) and Intermediate (51-200 mile) radius of operations.

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

- At least five (5) years in operation (new business only; once approved, further account referrals not needed).
- 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 45% or less for premiums greater than \$15,000 with no single loss greater than \$50,000 (incurred loss).. For premiums less than \$15,000, no one loss greater than \$25,000. ,
- Current policy must be active and not in the process of being cancelled or non-renewed (with the exception of a non-renewal by a carrier exiting a similar program).
- D&B credit score of 1, 2 or 3 as obtained from eStart.\*\*



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

\*\*For accounts with a D&B score of 0, 4, or 5 with an annual premium of less than \$100,000, the following financial review is acceptable when documented in file:

- If You subscribe to Experian, the account has a score of twenty five (25) or higher; or
- Their payment history must be reviewed and found to be 'current'; and

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

If the above cannot be verified, or if the account premium is in excess of \$100,000, you must submit the account to your Program Manager along with a copy of their current 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.

1. Any dairy operation – with the exception of any dairies currently included in the existing book.
2. Cattle feed yards
3. Employers Liability coverage for the following risks: animal husbandry and commercial confinement for large animals including horses, cattle, sheep, goats, alpacas, llamas and swine. (This does not apply to incidental livestock or "pasture livestock - defined as 50 heads or less" on a family farm).
4. Any operation which alters the form of the farm product, such as mechanized processing, conversion, or manufacturing of products for sale to others.
5. Operations engaging in the genetic modification or engineering of seed or crops.
6. Operations involved in the manufacture or sale of chlorine, saline or alkali pesticides or other products.
7. Agritourism – defined as any agriculturally based operation or activity that brings visitors to a farm or ranch. Such activities may include camping, corn mazes, dude ranches, guided hunts, petting zoos; pick your own operations, public riding or any other public recreational exposures.
8. Bed and breakfasts and similar destination / vacation hospitality exposures.
9. Farms or Ranches engaged in:
  - The breeding, raising, boarding or sale of any canine, feline, exotic or fur-bearing animals
  - Equine exposures, consisting of the breeding, boarding, raising or sales of horses.
10. Farms or Ranches which are vacant, unoccupied or otherwise idle.
11. Any coverage for aircraft or aerial crop dusting
12. Motorcycles whether licensed for road use or not. Unless these units are used primarily for farming operations.
13. Poultry confinement exposures without a current contract with an approved integrator.



## 2. AUTHORITY

### 2.1 INSURANCE COMPANIES

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

#### COMPANY NAME

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

### 2.2 LINES OF BUSINESS / PREMIUM / OPERATING SYSTEM

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

The premium amounts apply only to business written in the Program and do not apply to any business written with any other company, branch, division or department of any member company of American International Group, Inc.

LINES OF BUSINESS	PREMIUM AUTHORITY	OPERATING SYSTEM
Commercial Property/Inland Marine	\$15,000	Coverall
Commercial Package Policy	\$25,000	Coverall
Farm Liability	\$10,000	Coverall
Commercial Automobile	\$10,000	Coverall
Commercial Crime Coverage	\$5,000	Coverall
Umbrella Liability Coverage	\$10,000	Coverall
The sum of all policies and/or coverages written for one insured	\$45,000	

### 2.3 NAMED INSURED

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

Individuals, natural persons, can be listed on a policy with the following wording:

"Individual Name" as respects the operation and/or ownership of property at "identify property location"  
(example: 23 Main Street, New York, NY)



## 2.4 LIMITS AUTHORITY

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

PROPERTY/CRIME COVERAGES	Limits	
<b>PROPERTY</b>		
Commercial Property	\$5,000,000	Maximum Amount Subject (gross) in Protection Class 1 - 8
	\$2,500,000	Amount subject any location in Protection Class 9 or 10
	\$15,000,000	Total Insured Values
Poultry and Swine Operations	\$3,000,000 \$10,000,000	Maximum Amount Subject Total Insured Values
Livestock Mortality (AG 01 40 (10/08)	\$250,000	Max Limit
Residential Property	\$1,500,000	
Commercial Inland Marine	\$500,000 \$1,000,000 \$25,000	Any single piece of equipment Total Schedule Personal – furs, fine arts & jewelry
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	
Earthquake Sprinkler Leakage – 250 Year MMI Zones of 7.0 through 12 (derived from RiskMeter*), and the entire state of California, Alaska and Hawaii	No Authority	
Flood – RiskMeter flood score over 40	No Authority	
Flood – RiskMeter flood score 10 - 40	\$ 500,000	
* See Qwik Notes for Information on RiskMeter		
Wind/Coastal Property	No Authority	Refer to the Windstorm section of Property Qwik Notes for guidance prior to making your referral.
Equipment Breakdown	N/A	Not offered.





**CRIME**

<b>Commercial Crime (1):</b>	\$250,000	Per Occurrence
<b>Employee Theft</b>		
<b>(1) Includes Employee Benefit Plans -- when scheduled on the Declarations Page</b>		
<b>Forgery or Alteration</b>		
<b>Inside the Premises: Theft of Money and Securities</b>	\$100,000	
<b>Inside the Premises: Robbery or Safe Burglary of Other Property</b>	\$100,000	
<b>Outside the Premises</b>	\$100,000	
<b>Computer and Funds Transfer Fraud</b>	\$100,000	
<b>Money Orders and Counterfeit Money</b>	\$100,000	
<b>All other Commercial Crime</b>	\$100,000	Per Occurrence

**GENERAL LIABILITY, AUTOMOBILE, GARAGE UMBRELLA Limits**

<b>Farm Liability and Products Liability (Including Personal Liability)</b>	\$1,000,000	Each Occurrence
	\$2,000,000	General Aggregate
	\$2,000,000	Products-Completed Operations Aggregate
<b>Medical Payments</b>	\$ 10,000	
<b>Personal/Advertising Injury</b>	\$1,000,000	Each Occurrence
<b>Damage to Premises Rented to You</b>	\$ 100,000	
<b>Commercial Automobile Liability</b>	\$1,000,000	Any One Accident
<b>Commercial Automobile Physical Damage</b>	ACV to	Per Vehicle Replacement Cost
<b>Minimum Deductible:</b>	\$150,000	
➤ Less than \$35,000 ACV - \$1,000		
➤ Greater than \$35,000 ACV - \$2,500		
<b>Amount Subject Any One Location</b>	\$1,000,000	
<b>Employers Liability</b>	\$5,000	Medical Pay Limit
	\$300,000	Liability Limit
<b>Commercial Umbrella Excess Follow Form</b>	\$5,000,000	Each Occurrence
	\$5,000,000	General Aggregate Limit

**2.5 WINDSTORM AND EARTHQUAKE CAT MANAGEMENT REFERRALS**



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

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

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

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

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

## 2.6 ADHERENCE TO FILED RULES/LOSS COSTS/FORMS

### 2.6.1 ISO PRODUCTS / AAIS PRODUCTS / PROPRIETARY PRODUCTS

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

INSURANCE SERVICES ORGANIZATION	AAIS	PROPRIETARY PRODUCTS
Farm Liability	Inland Marine	Commercial Umbrella
Commercial Auto	Commercial Property	
Employers Liability		
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 filings.

If you are using an approved proprietary operating system, such system must be compliant with all applicable Company filings and you must maintain all rates/loss costs, rules, forms and loss cost multipliers, and paper company usage as directed by the Company so that you are in compliance with all Company filings.



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

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

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

**2.7 POLICY TERM BULLETIN**

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

Note: You may extend the 12 month policy period to accommodate concurrency requests for a period of up to 60 days.

**2.8 PRICING AUTHORITY**

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

PRICING / RATING PLAN	
AAIS Rating Plans for the following lines of business: <b>Property &amp; Inland Marine</b>	Approved
Preferred Risk Property (PropertyOne Rating Plan)	No Authority
Use of ISO Experience and Schedule Rating and IRPM	Approved
ISO 'a' Rating	No Authority
Deviation from ISO 'Increase Limits Factors'	No Authority
ISO Rule 15 – Commercial Automobile	No Authority
ISO Rule 34 – Commercial General Liability	No Authority
ISO Composite Rating	No Authority
Loss sensitive rating or retrospective rating	No Authority
Large or Special Risk Rating	No Authority
Use of any other State Approved "Deregulation" relative to rate or form use	No Authority
Dividend plans: individual risk or entire program	No Authority
Premium deferral or cash-flow programs, or compensating balance programs	No Authority
Rate guarantees beyond the annual policy term	No Authority
Self insured retentions	No Authority
Consent to Rate Rules	No Authority



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### 2.8.1 ISO "REFER TO COMPANY" RULES

Anytime ISO has insufficient data to promulgate a rate or loss cost, they defer to the company to create its own rate. Please refer to Section 5, "Refer to Company" rules which are applicable (by product line) for the Program, or Qwik Notes for guidance. If we do not address a specific "Refer to Company" issue pertaining to rating an account, please refer the matter to your Program Manager for guidance prior to quote.

### 2.9 LIMITATIONS TO AUTHORITY BULLETIN – BACK DATE

Unless a specific exception is listed in Section 5, you may not place any business in contravention of this Authority with respect to any aspect of the insurance placed pursuant to the Program, including without limitation, types of risk, coverages provided, policy terms and conditions, and pricing techniques.

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#### 2.9.1 LIMITATIONS: GENERAL LIMITATIONS

Unless authority is granted elsewhere in this document, no authority exists to:

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



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### 2.9.2 LIMITATIONS: COVERAGES

Unless authority is granted elsewhere in this document, no authority exists to quote or bind any of the following:

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

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### 2.9.3 LIMITATIONS: POLICY TERMS AND CONDITIONS

Unless authority is granted elsewhere in this document, no authority exists to quote or bind any of the following terms or conditions:

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



## 11. Aggregate stop loss on deductibles or approved SIR's

### 2.10 STATE SURCHARGES AND FEES

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

### 2.11 POLICY ISSUANCE AUTHORITY AND SERVICE STANDARDS BULLETIN

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

Endorsements must be issued and mailed (either by USPS or electronically) within thirty (30) days of receipt of the request.

Note: In any instance where the endorsement must be backdated (see Section 2.9.1.9) and expands or broadens the terms, conditions or limits of the policy, the insured must provide written confirmation that there are no known losses during the period between the date of receipt and the endorsement effective date.

### 2.12 APPROVED COVERAGE FORMS AND ENDORSEMENT AUTHORITY

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

See separate forms listing

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

Anytime you need to use a coverage form or endorsement not set forth in the attached document, you must refer such form to your Program Manager for review and approval prior to use.

### 2.13 DELEGATION OF AUTHORITY BULLETIN

The person designated in Section 6 (the "Designee") may delegate the underwriting authority set forth herein to employees of the Program Administrator, provided such employees are under the employ and direct supervision of such designee. Any such delegation of authority must be done in writing, maintained on file at the Program Administrators office and made available to the Company upon request. No person other than the Designee may delegate any underwriting authority nor may the Designee delegate any



authority to anyone outside of the employ of the Program Administrator. Any exceptions to any of the foregoing must be expressly approved in writing by your Program Manager prior to initiating the quote process.

Delegation of authority to employees must be done in writing and shall be maintained on file at the Program Administrators office.

## 2.14 UNDERWRITING GUIDELINES - QWIK NOTES BULLETIN

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

## 3. PROGRAM UNDERWRITING RULES

### 3.1 UNDERWRITING FILE/DOCUMENTATION REQUIREMENT

You must document the underwriting file to reflect that all issues warranting special consideration have been recognized, evaluated, and found to be in accordance with the Authority delegated to You. Likewise, if any exposures are excluded from coverage, you must document the file accordingly. The underwriting file must contain sufficient information and organized in a manner that will allow anyone to understand the Program Administrator's underwriting intent by reading the file.

The minimum general requirements for contents of an underwriting file (paper or electronic) are:

- Signed and dated application(s) – see Section 3.2.
- Account reservation (eStart) confirmation page, including the D&B credit score and any credit or underwriting alerts contained therein – see Section 3.3.
- Account summary worksheet - See Section 3.4.
- Loss runs – see Section 3.5.
- Final rating worksheets.
- Where a policy is ISO 'a' or 'range' rated, documentation supporting the rate selected and where needed, approved by the Program Manager.
- Declarations Page (including full legal address of the insured).
- All correspondence pertaining to coverage or premium, including referrals.
- Referral approvals, declinations, if any.
- All quotes retained in a .pdf format along with the email cover letter.
- All binders, retained in a .pdf format along with the email cover letter.
- Complete copy of the policy, which must include a schedule of forms (either paper or electronic copy)
- Copies of any:



- a. Mid-term endorsements;
- b. Notices of cancellation;
- c. Additional Insured endorsements;
- d. Non-Renewal notices;
- e. Renewal notices;
- f. Premium audits;
- g. Loss Control Reports.

The minimum additional document requirements by product line are:

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**3.1.1 PROPERTY FILE DOCUMENTATION REQUIREMENTS**

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

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**3.1.2 GENERAL LIABILITY FILE DOCUMENTATION REQUIREMENTS**

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

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**3.1.3 AUTOMOBILE FILE DOCUMENTATION REQUIREMENTS**

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

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**3.1.4 UMBRELLA / EXCESS CASUALTY FILE DOCUMENTATION REQUIREMENTS**

- a. Umbrella pricing worksheet including reason for pricing deviations.
- b. UM/UIM offer, acceptance & rejection forms where required
- 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 BULLETIN**

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





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

On renewals, supplemental applications/checklists can be used separately from the application to update exposure and/or loss information.

Additional information that is obtained through telephone conversations, email exchanges, or other means may be used to analyze an account, but must be documented in the account file.

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

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

### 3.3 ACCOUNT CLEARANCE/RESERVATION IN 'E START'

You must enter the following into the AIG reservation system (eSTART) prior to the release of a quote

- All Hutterite or other religious based colonies
- Accounts with total premium greater than \$10,000

You must include evidence of the reservation clearance in the underwriting file. You must resolve all Underwriting Alerts, Credit Alerts and Hard Blocks in accordance with the AIG's Programs requirements (see website for details) or as directed by your Program Manager prior to quote and retained in the file.

In addition, when an account is bound, if not completed prior to quoting, it must be entered and updated in eStart to reflect a bound status.

### 3.4 ACCOUNT SUMMARY WORKSHEET

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

- Name and address of the First Named Insured
- Complete list of Named Insureds, a brief summary of each named insured's operations (including any discontinued operations).
- Description of all operations (confirming eligibility).
- Exposure and hazard analysis.
- Current/expiring premium (for new business, where available).



- Loss history summary by line of business supporting eligibility, including the following:
  - Total number of losses and total loss dollars incurred by policy year
  - Analysis of any claim in excess of \$50,000
- D&B Score of 1, 2, or 3 (from eStart), or if the score is 0, 4, or 5, financial analysis as directed in Section 1.1, Eligibility, or referred to the Program Manager with supporting financials and approved prior to quote.
- Underwriting rationale supporting writing the account.

### 3.5 LOSS RUNS/LOSS ANALYSIS

You must analyze loss information prior to quoting any account in accordance with the eligibility requirements set forth in Section 1.1 and documented in the Underwriting file. Three year currently valued (hard or electronic copy) loss runs provided by the insurer are required on new business. See Section 3.4 for documentation expectations.

### 3.6 REFERRAL PROCESS / REQUIRED DOCUMENTATION

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

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

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

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

Once approved, where You have established that there has been no material change to the risk and properly documented the file, the approval remains in effect and resubmission is not required at each renewal\*. However, the following exceptions limit referral approval to the current policy year only:

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

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

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

### 3.7 DEDUCTIBLES / SIR PROCEDURES

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

### 3.8 QUOTATION

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

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

### 3.9 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 binder letters must contain the following language:

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

### 3.10 OTHER UNDERWRITING CONSIDERATIONS

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#### 3.10.1 CANCELLATIONS/NON RENEWALS

You must provide proper and timely cancellation and/or non-renewal notices to policyholders, and such other entities as required by the policy, any application law, rule, regulation or order, or the Company. For all cancellations, conditional renewals and non-renewals, use of ODEN Policy Terminator is required to ensure that notices provided comply with each state's requirements.

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#### 3.10.2 DECLINATIONS

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

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#### 3.10.3 MATERIAL CHANGE IN COVERAGE/RATE INCREASES



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

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#### 3.10.4 STATE SPECIFIC AMENDATORY ENDORSEMENTS

You must issue all notices and amendatory endorsements as required by applicable law. If you are issuing policies through CoverAll, such notices and state amendatory endorsements are automatically attached. Your Program Manager is available should you have any questions.

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#### 3.10.5 HEADQUARTERS STATE RULE

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

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#### 3.10.6 TERRORISM RISK INSURANCE ACT (TRIA)

You must comply with provisions of the Federal Terrorism Risk Insurance Act of 2002, as amended. You must provide a quote for terrorism when providing coverage for Property, General Liability, and/or Excess Casualty lines of business. The Company has taken the position that coverage for terrorism for these lines must be offered with no option to reject coverage, using Form 96556 (01/15) and must clearly show the premium charge. The rate will be a flat charge of 1% where approved. (Refer to Qwik Notes for zip codes where coverage for Terrorism requires a referral.)

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

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

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

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



### 3.10.8 COMMISSION – POLICYHOLDER NOTICE

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

## 4. ADMINISTRATION AND SERVICE

### 4.1 LOSS CONTROL

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

Refer to Qwik Notes loss control section for specific requirements.

Accounts with \$2,000,000 TIV and greater must be surveyed.

Safehold will distribute and follow up on recommendations.

### 4.2 PREMIUM INSTALLMENTS AND FINANCING

The Company will offer the following premium installment options on an Agency Bill basis:

40% down with 3 quarterly payments

25% down with 8 monthly payments.

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

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

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

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

Unless otherwise directed in this section:

1. Please refer to the Division 66 Property Qwik Notes.
2. We will use AAIS rules and forms when writing Property and Inland Marine.
3. Ag Op rater will be used for property rating.



**Minimum Property rates apply as follows: \$1,000 Deductible**

RM 3 or less T&H - .20

RM 4 or greater T&H - .50

**Minimum IM rates apply as follows:**

**\$1,000 Deductible**

Cotton Pickers/Combines (or similar size and scope equip):	\$1.00/100
Center Pivots/Irrigation Systems in the field:	\$1.00/100
Tractors- Track/Wheel, Loaders, Forklifts:	\$.40/100
Big Wheel Spray Rigs/Terragators:	\$.50/100
Row Crop Harvesting (Broccoli, Cauliflower, Spinach- etc):	\$.35/100
Misc Ag Equip & Attachments (seeders, disc units, headers):	\$.35-.75/100
Misc Employee Tools- max of \$2,500 per item:	\$1.50/100

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

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

**CRIME:**

- All new Crime business should be written using ISO's Actual Loss Sustained coverage form (CR 0021)

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

Unless otherwise directed in this section:

1. Please refer to the Division 66 General Liability Qwik Notes
2. We will use ISO loss costs, rules and forms when writing Farm Liability & Employers Liability per Farm Liability Worksheet.

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



Pollution Form FL 04 03:      \$25K limit      \$100 Flat charge  
   \$50K limit      \$200 Flat charge  
   Over \$50K limit Referral

FL 04 44 - Limited Crop Dusting Coverage      \$25K limit      \$250 flat charge

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

### **DAIRY PRODUCTS AUTHORITY**

Some dairy farmers sell their products directly to the public at their farm locations. They may also sell some products made by other farmers and products that they have purchased for resale. These products may include things that are made with or contain dairy products such as hand lotions containing milk.

We will use ISO class codes and rates to price for these exposures. A list of eligible and ineligible products follows. Please contact your Program Manager for products not listed below.

#### **Eligible**

- Milk and dairy products that are labeled according to the Food and Drug Administration requirements: full address of the company where the product was manufactured, nutritional label including additives, use by dates
- All products must have lot numbers so that they can be identified in the event of a recall
- All products for sale must be stored at the proper temperature and be within the use by date
- Pasteurized milk or pasteurized cream
- Hard cheeses such as cheddar
- Soft cheeses, such as Brie made from pasteurized milk
- Processed cheeses
- Cream cheese, cottage cheese, and Ricotta cheese made from pasteurized milk
- Ice cream, ice milk, frozen yogurt, pudding or yogurt made from pasteurized milk
- Soymilk
- Soaps, topical hand and body lotions and creams containing pasteurized milk or pasteurized milk products

#### **Ineligible**

- Milk and dairy products that are not labeled according to the Food and Drug Administration requirements: full address of the company where the product was manufactured, nutritional label including additives, use by dates
- Products without lot numbers or other identifying numbers to identify them in the event of a recall
- Product for sale that are not stored at the proper temperature or are past their use by date
- Raw milk or raw cream and any products containing raw milk or raw milk by-products





- Soft cheeses made from unpasteurized milk
- Cream cheese, cottage cheese, and Ricotta cheese made from unpasteurized milk
- Ice cream, ice milk, frozen yogurt, pudding or yogurt made from unpasteurized milk
- Any product advertized as providing a health or medical benefit whether on the company's website, product label, literature displayed by the product or literature provided to customers
- Baby food
- Pet food
- Catering operations and concessionaires

#### Classifications

- **Dairy Products Mfg 52002 based on gross sales** for non-frozen dairy products the insured manufactures & sells
- **Dairy Products or Butter and Egg Stores –Other than Not-For-Profit 11258 based on gross sales** for non-frozen dairy products the insured sells, but has not manufactured including those manufactured by other farmers.
- **Food Products Mfg – frozen 53375 based on gross sales** for ice cream, ice milk & frozen yogurt manufactured by the insured.
- **Stores – no food or drink – Other than Not-For-Profit 18437 based on gross sales** – for eligible nonfood items the insured may sell such as hand and topical body lotions.

#### 5.3 AUTOMOBILE – APPROVED RATES AND RULES

Unless otherwise directed in this section:

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

Automobile coverage cannot be issued on a stand-alone basis.

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

Unless otherwise directed in this section:

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

#### 5.5 MISCELLANEOUS COVERAGES: EQUIPMENT BREAKDOWN

**Equipment Breakdown** is not included in this program.



**6 ACKNOWLEDGEMENT AND ACCEPTANCE**

**ACKNOWLEDGEMENT AND ACCEPTANCE**

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

Please sign below and return an executed copy of the Program Underwriting Authority to your Program Manager within 30 days. If AIG Programs does not receive the executed copy within such time, this Authority will automatically go into effect on 8/10/2015.

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

**Acknowledged By:**

**Delegated By :**

Safehold Special Risk  
Name of Program Administrator

Robert O'Neil Product Line Manager  
Name And Title

G. Dennis Sparks  
Name of Recipient/Designee

Robert O. Neil  
Signature of Grantor

CUO  
Title of Recipient/Designee  
[Signature]  
Signature of Recipient/Designee

Date 7/10/2015

7/30/2015  
Date