

LEXINGTON Program Division 66 - 2011

EDITION DATE: 6-1-12

PROGRAM NAME: Public Entity Program

PROGRAM ADMINISTRATOR: Trident Insurance Services, LLC
324 Main Street
Greenfield, MA 01301

PRINCIPAL(S): Hilbert "Van" Schenck, II, President
Rick Artessa, Sr Underwriting Officer & Branch Manager

PROGRAM DESCRIPTION: Property coverage for small public entity and school business

PROGRAM INCEPTION: 6-1-12

DIVISION: 66 – Lexington Programs

PRODUCER COMMISSION: 23.5%

PROGRAM TERRITORY: CT, ME, MA, NH, RI and VT

RELATED PUC NUMBERS: 66-11-0121

AUTHORITY:

1. INSURANCE COMPANIES

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

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

2. POLICY PREMIUMS

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

<u> \$150,000 </u>	For Property /Inland Marine Coverages
<u> \$10,000 </u>	For Commercial Crime Coverages
<u> \$200,000 </u>	For the sum of all policies and/or coverages written for one insured

3. ASSIGNED PROGRAMS

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

See above

4. LIMITS OF LIABILITY

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

\$35,000,000	Amount subject (gross)	for Commercial Property and/or Inland Marine
\$10,000,000	Amount subject any location in Protection Class 9 or 10	
\$100,000,000	Total insured values (gross)	
\$500,000	Per occurrence	for Commercial & Government Crime Form A, Depositors Forgery and Employee Benefit Plans (when scheduled in the Declarations)
\$500,000	Per occurrence	for all other Commercial & Government Crime

5. PROPERTY PERILS

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

(no authority)	Earthquake – 250 year MMI Zones 7.0 through 12, and the entire states of California, Alaska and Hawaii
\$5,000,000	Earthquake – 250 year MMI Zones 1 through 6.99
(no authority)	Earthquake Sprinkler Leakage – 250 year MMI Zones 7.0 through 12, and the entire state of California, Alaska and Hawaii
\$5,000,000	Earthquake Sprinkler Leakage – 250 year MMI Zones 1 through 6.99
(no authority)	Flood – Federal Flood Zone(s) A, V, B, D, X (shaded), and X(500)
\$5,000,000	Flood – Federal Flood Zone(s) C, X or better
Wind/Coastal Property	Wind/Coastal Property – There is <u>no authority</u> to quote windstorm or hail on locations within any of the windstorm control zones. All such locations must be submitted to, and approved by, your Program Manager <u>before</u> quoting. Definitions of windstorm control zones are in the Property Qwik Notes.

6. PRICING

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

- A. Deviation of Increased Limits Factors, but only if all requirements of Rule 15 and Rule 34 are met
- B. ISO Rule 34 General Liability
- C. ISO Rule 15 Automobile
- D. Preferred Risk Property Rating Plan (PropertyOne)
- E. AAIS Rating Plans
- F. Composite Rating of Liability, but only if all requirements of the ISO Composite Rating Rule are met
- G. Composite Rating of Automobile, but only if all requirements of the ISO Composite Rating rule are met

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

A. Specific Operations/Exposures

- (1) No authority exists to bind any company of Chartis, Inc., to a new program.

- (2) No authority exists to amend the parameters of an existing program, i.e., adding SIC or CGL codes, or altering the underwriting guidelines established for the program.
 - (3) No authority exists to quote or bind any account filed under or operating under any chapter of the Federal Bankruptcy Law(s).
 - (4) No authority exists to quote or bind any account with Commercial Auto exposures of a long-haul nature, defined as a radius of operations greater than 250 miles.
 - (5) No authority exists to quote or bind any account with overhead transmission/distribution lines, either for direct damage or consequential loss, i.e., business interruption or extra expense.
 - (6) No authority exists to make any exceptions to Lexington's Safe Harbor or Risk Transfer protocols.
- B. Coverages** – No authority exists to quote or bind any account that requests any one or more of the following coverages.
- (1) Claims Made coverage in a program where the CGL exposure is written on an Occurrence form
 - (2) Occurrence coverage in a program where the CGL exposure is written on a Claims Made form
 - (3) Employment Related Practices Liability
 - (4) Pollution or other Environmental coverages
 - (5) Captive, Pooling or other alternative risk financing arrangements
 - (6) Liquor Law Liability in states designated as High Hazard by ISO class
 - (7) Workers Compensation
 - (8) Railroad Protective Liability
 - (9) Protection & Indemnity
 - (10) U.S. Longshoremen & Harbor Workers liability
 - (11) Professional Liability or Errors & Omissions liability
 - (12) Manufacturers Output policies or coverages
 - (13) Ocean Marine
 - (14) Products Recall
 - (15) Assumed Reinsurance
 - (16) Foreign coverages (i.e., outside the United States or Canada)
 - (17) Hawaii Auto Coverages if not written through CoverAll
 - (18) Massachusetts Auto coverages.
 - (19) Mold/Fungus coverages
 - (20) Data Corruption coverage
- C. Policy Terms and Conditions** – No authority exists to quote or bind any account which requests any one or more of the following terms or conditions.
- (1) Individual risks, or programs, requesting financial guarantees, e.g., any situation where we would be asked to include language in our policy, or assume obligations, in the repayment of indebtedness
 - (2) Aggregate Limit reinstatement
 - (3) Individual risks, or programs, if Chartis Claim Services, or a LEXINGTON approved TPA is not handling all losses and loss adjustment
 - (4) Extension of cancellation or non-renewal provisions beyond the statutory minimum or 90 days, whichever is greater
 - (5) Master policies with certificates
 - (6) Manuscript policies, forms or endorsements, defined as insurance coverage documents, whether written by member companies of Chartis, Inc., or not, that:
 - (a) have not been vetted by Lexington Legal; and/or
 - (b) have not been assigned an ISO or Lexington form number
 - (7) Removal of any policy exclusion
 - (8) Property loss-limit form or coverages
 - (9) Property (real, personal or inland marine) on a reporting form basis
 - (10) Property blanket policy limits, except as provided in SECTION 16 below
 - (11) Payment of any loss not covered by the policy as it was written at the time of loss
 - (12) Amendments to any Program Administrator Agreement or other contractual arrangement between any company of Chartis, Inc., and any duly authorized broker doing business with the LEXINGTON Programs Division
 - (13) Back-dating of coverage more than five (5) working days (and if five days or less, subject to a warranty of no known or reported losses)

(14) Requests for facultative reinsurance of any line

D. Pricing Techniques – You have no authority to quote or bind any account that requests any one or more of the following pricing techniques.

- (1) Rates or rating plans other than those filed by or on behalf of the insurance company or companies underwriting the Lexington Programs Division program
- (2) Loss-sensitive rating or retrospective rating
- (3) Dividend plans, whether individual risk or entire programs
- (4) Revisions on premium audits without written consent of the Chartis Premium Audit Division
- (5) Premium deferral or cash-flow programs, or compensating balance programs
- (6) Rate guarantees beyond the annual policy term
- (7) Self-insured retentions
- (8) Aggregate stop loss on deductibles
- (9) Policy terms greater than 12 months

8. ELIGIBILITY REQUIREMENTS

Eligible Risks:

Public entities with populations under 100,000 and schools with average daily attendance under 10,000

Ineligible Risks:

Public entities with populations exceeding 100,000 or schools with average daily attendance over 10,000

Public entities with free standing prisons - this does not include a holding cell(s) at a police department

Public entities or schools with power generation, other than emergency back-up power.

9. UNDERWRITING CRITERIA:

- At least 5 Years in operation.
- Loss ratio for the current year and/or the past three years (all lines combined) 40% or less and with no single loss greater than \$100,000. For any account with a premium \$25,000 or less the loss ratio parameter does not apply; however a single loss of \$50,000 or more within the last four years would require a referral.
- Any changes to locations or values during the month of July you must notify the Division in writing if anything exceeds the authority limitations.
- Three-year currently valued hard-copy loss history provided by the insurance carrier on new business.
- The insured must have a D&B Stress Score of 1, 2 or 3 as obtained from eStart. If the stress score is 4 or 5 a copy of their current financial statements and payment history must be reviewed. Any accounts that have a stress score of 4 or 5 and total account premiums over \$250,000 must be referred to the Company for approval.

10. APPLICATIONS

A COPY OF THE COMPLETED AND SIGNED APPLICATION MUST BE KEPT IN THE POLICY FILE. ANY SUPPLEMENTAL APPLICATIONS, QUESTIONNAIRES OR STATEMENTS OF VALUE WHICH ARE CRITICAL IN THE UNDERWRITING OF THE ACCOUNT MUST BE SIGNED. UMBRELLA APPLICATIONS ARE NOT REQUIRED TO BE SIGNED IF ALL OF THE UNDERLYING APPLICATIONS HAVE BEEN SIGNED.

All applications, including supplemental applications used by the producer, need the approval of the company. In some cases, supplemental information can be obtained separately from the application. Additional information that is obtained through telephone conversations or other means may be used to analyze an account, but must be documented in the account file.

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

11. RECORDING SUBMISSION in eStart

All accounts must be entered into eStart.

Naming standards are the basis for entry into the company's database as well as the recommended way for listing Named Insureds. For those individual accounts that require clearance, the process of ensuring an account

has not been submitted, quoted, declined or is actively covered by another producer, region and/or underwriter, use these same standards.

12. QUOTES

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

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

13. BINDERS

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

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

All binders must be confirmed in writing utilizing the either the ACORD form 75s or a form approved by the company and cannot extend for more than thirty (30) days [any business with July effective dates may be issued a binder for up to ninety (90) days] without written approval by the Company. No provisions changing or increasing agreed to program parameters may be bound. In the event of such occurrence, THE PRODUCER SHOULD BE CONTACTED IMMEDIATELY AND ADVISED OF THE UNACCEPTABLE TERMS AND SUCH BINDERS SHOULD BE IMMEDIATELY RETURNED TO THE PRODUCER FOR CORRECTION WITH A WRITTEN REJECTION OF THE UNACCEPTABLE TERMS.

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

14. POLICY ISSUANCE

All policies must be mailed within thirty (30) days from the effective date of the policy. Any business bound during the month of July must be mailed within ninety (90) days of the effective date of the policy.

15. MINIMUM REQUIREMENTS FOR POLICY FILE CONTENTS

The minimum requirements for contents of a policy file are:

- Declarations Page (including full legal address of the insured)
- Forms attached (a list of included forms)
- Rating (whether on a worksheet or not) including justification for any individual risk modification factors
- Signed and Dated Application(s)
- Any quotes or proposals
- Any binders
- Any inspections, loss controls or audits
- Any and all correspondence on coverage or premium, including referrals
- Any Premium Audits
- Copies of any mid-term endorsements, Notice of Cancellations, schedules of Additional Insureds, Certificates of Insurance, Non-Renewal notices, Conditional Renewal notices

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

16. SPECIFIC UNDERWRITING GUIDELINES BY LINE OF BUSINESS

A. COMMERCIAL PROPERTY/ INLAND MARINE

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

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

Insurance to Value:

If the submitted building value is less than the floor ITV grid estimate by 15% or more, action should be taken to address the deficiency. The floor ITV values were developed based upon appraisals completed by Hiron and Marshall and Swift calculations and will be updated every 2 years. Coinsurance, amended limit, documentation of adequacy for submitted buildings valued at \$1,000,000 or greater or with an area of 10,000 square feet or greater via appraisal or similar document, must be finalized prior to binding.

Business income worksheets must be completed for all insureds desiring limits for this coverage in excess of \$1,000,000 any one amount subject.

Vacancy Issues:

If a building becomes vacant during into the policy term, the following items must be addressed at the time you are notified:

1. Water damage and theft/vandalism exposures – the insured must warrant that the pipes are drained or the heat is being maintained in the building as well as the building is adequately secured against loss from theft or vandalism. A protective safeguards endorsement must be added to the policy immediately.
2. Subject to the warranties above, one of the following may be done:
 - a. If the building is valued at less than \$500,000, we will continue coverage through the remainder of the term with the policy deductible in place. At renewal the deductible should be increased.
 - b. If the building is valued at \$500,000 or more, a higher deductible will be added for the building for the remainder of the policy term.
3. The vacancy permit endorsement must be added to the policy showing the location(s) to which it applies.

If there are any issues with this approach, please refer the account to the Program Manager for consideration.

Blanket Limit Option:

The blanket property / inland marine option may be considered for accounts:

1. With amount subject exposures of \$35,000,000 or less; and
2. Each building has an ITV calculation performed (using floor ITV grid comparison); and
3. There is a:
 - a. Current signed statement of values; and
 - b. Signed Business Income worksheet for each location with a business income limit and extra expense limit in excess of \$1,000,000; and
 - c. A current signed application.

All documentation will be kept in the Program Administrator's underwriting file.

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

The Amount Subject is to be determined as follows:

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

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

in height 75 feet is considered subject Protection Class 9 or 10 all buildings within 100 feet are considered subject.

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

Refer to the Property Qwiknotes for:

- Earthquake, flood and wind definitions of amount subject. You have no authority to issue single peril coverage or flood and earthquake only policies; and
- It is mandatory to use RiskMeter for all determination of geocoded data including but not limited to distance to coast, wind pool eligibility, MMI zone for earthquake, NFIP flood zones, wildfire hazard, hail and tornado reports – all to be utilized throughout the underwriting process, with printed copies of these RiskMeter results maintained in the underwriting file.
 - As respects distance to the coast, you do not need to pull Risk Meter on the existing book except Maine as distance to the coast has already been established. On coastal Maine business and on new business submissions with coastal proximity, you should run distance to coast on a few key buildings. The Cape and the Islands are all considered coastal so it is not necessary to run those either; and
 - As respects Flood determinations, you do not need to pull Risk Meter except on occasion for new business where you wish to confirm flood exposure on a key location(s).

Amendments to Supplemental Coverage Limits:

1. You may increase the limits displayed on form 97069 as needed but not to exceed \$500,000; and
2. You may increase Ordinance & Law to \$1,000,000 but this limit must be included in the your calculations of Amount Subject and as well as any Facultative Reinsurance; but
3. You do not have authority to amend the following limits without referral to and prior approval of the Program Manager:
 - Newly Acquired or Constructed Property – Buildings;
 - Newly Acquired or Constructed Property – Your Business Personal Property;
 - Newly Acquired or Constructed Property – Business Income

If you require limits greater than those granted in #1 or #2 above or an increased limit on one of the three limits listed in #3 above, please refer the account to the Program Manager with your additional pricing recommendation for approval prior to quoting.

Deductibles:

Coverage	Min Deductible	Deductible Option w/Referral
Property, Inland Marine, Crime	\$500 MA, CT, RI	
Property, Inland Marine, Crime	\$250 ME, VT, NH	
Business Income Extra Expense	72 hours if in a Wind Control Zone. IF outside a WCZ, use the ISO endorsement & rules.	None, if risk is in a Wind Control Zone
Flood, Earthquake	\$25,000	\$10,000

Referrals:

Any account that requires referral to the Company must be sent to the Program Manager and should include the following items:

- Statement of Values
- Rate Template
- Loss Analysis
- Your “internal referral document” *

* should include your thoughts on why you want to do what you are proposing to do...

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

Enhanced Property Forms:

MANDATORY FORMS	
97069 (03/08)	SUPPLEMENTAL DECLARATIONS
97064 (03/08)	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
97070 (03/08)	BUSINESS INCOME AND EXTRA EXPENSE COVERAGE FORM (IF NEEDED)
97072 (05/08)	CAUSES OF LOSS – SPECIAL FORM
97100 (05/08)	COMMERCIAL PROPERTY CONDITIONS
97101 (05/08)	COMMON POLICY CONDITIONS
97102 (05/08)	EFFECTIVE TIME CHANGES (only in CT, IA, NH, PA & WV)
99079 (05/08)	VIRUS BACTERIA EXCLUSION (all states except MA & NY)
99077 (05/08)	MA - VIRUS BACTERIA EXCLUSION
100380 (12/08)	ORDINANCE OR LAW AMENDMENT
100381 (12/08)	COVERAGE FOR UNDAMAGED PORTION OF BUILDING
81146 (11/02)	PROPERTY NOT COVERED EXCLUSION - CHANGE
97082 (04/08)	EB – NH AMENDED JURISDICTIONAL
110242 (02/12)	PROP CVG AMEND ENDT FOR MUNIS & SCHOOLS
110245 (02/12)	FOREST FIRE EXPENSE COVERAGE (only ME)
89644 (7/05)	OFAC (all states except Virginia)
96556 (02/08)	PH NOTICE – TERRORISM
PRG 7003 (11/09)	ESTIMATED SURCHARGES, TAXES AND ASSESSMENTS
REQUIRED STATE AMENDATORY ENDORSEMENTS	
99022 (05/08)	CT CHANGES
77657	CT CANCELLATION / NON-RENEWAL
99033 (05-08)	ME STANDARD FIRE
99034 (05-08)	ME CHANGES CONCEALMENT, MISREP, ETC.
52148 (11-10)	ME CANCELLATION / NON-RENEWAL
99048 (05-08)	NH CHANGES
99049 (05-08)	NH CHANGES – CONCEALMENT, MISREP, ETC.
77226	NH CANCELLATION / NON-RENEWAL
99061 (05-08)	RI CHANGES
99062 (05/08)	RI CHANGES – TRANSFER RIGHTS OF RECOVERY
56029	RI CANCELLATION / NON-RENEWAL
99068 (05-08)	VT CHANGES
99069 (05-08)	VT CHANGES – CONCEALMENT, MISREP, ETC.
52713	VT CANCELLATION / NON-RENEWAL
99082 (05-08)	MA CHANGES
OPTIONAL FORMS	
109369 or 110257	PIERS DOCKS AND WHARVES EXTENSION ENDORSEMENT
110246 (02/12)	SMALL BOAT COVERAGE ENDORSEMENT
110247 (02/12)	FIRE EQUIPMENT ENDORSEMENT
97065 (04/08)	EQUIPMENT BREAKDOWN EXCLUSION (to be used when EB is not provided) (*requires referral to Program Manager, see below for exception)
97081 (04/08)	EQUIPMENT BREAKDOWN – OTHER CONDITIONS ENDORSEMENT (TO BE USED WHEN TERMS OF EB COVERAGE DIFFER FROM PROPERTY LIMITS, SUBLIMITS, DEDUCTIBLES OR OTHER TERMS)**
97091 (05/08)	BLANKET LIMIT PER PREMISES ENDORSEMENT
99127 (06/08)	MORTGAGEE CLAUSE
106360 (09/10)	SURFACE WATER AMENDATORY ENDORSEMENT
90610 (03/06)	WIND HAIL DEDUCTIBLE ENDORSEMENT
90611 (03/06)	WIND HAIL EXCLUSION
100382 (12/08)	WIND OR HAIL DED WITH NAMED STORM DEFINITION
97036 (02/08)	UPGRADE TO GREEN – all states except CT
99712 (08/08)	UPGRADE TO GREEN – CT only
	TEE TO GREEN COVERAGE
CP 1065 (06/07)	FLOOD COVERAGE ENDORSEMENT

CPDS 65 (10/00)	FLOOD COVERAGE DEC
CP 1045 (08/99)	EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT
CPDS 06 (10/00)	EARTHQUAKE AND VOLCANIC ERUPTION DEC
CP 1511 (07/88)	POWER HEAT AND REFRIGERATION DEDUCTION
CP 1410 (06/95)	ADDITIONAL COVERED PROPERTY

- * Property accounts written through H.D. Segur in CT or the Private Schools program through Fred C. Church in MA will not embed Equipment Breakdown. The exclusion may be used on these accounts without referral to the program manager.
- ** 97081 is used when EB coverage is capped at \$100,000,000 per occurrence.

AAIS INLAND MARINE FORMS:

- IM 7001 – Contractors Equipment Scheduled Coverage Form
 - IM 7006 – Contractors Equipment Schedule of Coverage
 - IM 7030 – Equipment Schedule – Contractors Equipment
- IM 7050 – Scheduled Jobsite Comprehensive Builders’ Risk Coverage Form
 - IM 7055 – Schedule of Coverage – Builder’s Risk
- IM 7500 – Scheduled Property Coverage Form
 - IM 7506 – Schedule of Coverage – Scheduled Property Form

B. EQUIPMENT BREAKDOWN:

Guidelines for Equipment Breakdown Coverage are provided as per attached Equipment Breakdown Addendum A.

C. CRIME

The following must be in place for Employee Dishonesty coverage:

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

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

Use of either version of the form (Loss Sustained Form or Discovery Form) is permissible. Majority of accounts will have Government form but private schools may have Commercial form.

Government Loss Sustained Form:

- CR DS 03 08 07 Government Crime Coverage Part Declarations
- CR 0025 05 06 Government Crime Coverage Form (Loss Sustained Form)

Commercial Loss Sustained Form:

CR DS 01 07 02 Commercial Crime Coverage Part Declarations
CR 0021 05 06 Commercial Crime Coverage Form (Loss Sustained Form)

Common Optional Endorsements Used:

CR 2518 10 10 Add Faithful Performance of Duty Coverage
CR 2519 10 10 Add Faithful Performance of Duty Coverage for Government Employees
CR 0408 10 10 Employee Theft – Name or Position Schedule
CR 2532 10 10 Provide Employee Theft Coverage Excess Over a Statutory Bond Requirement

Any other filed and approved ISO Crime endorsements applicable to above Coverage Forms. We do not provide mono-line Crime Policies in this program.

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

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

17. LOSS CONTROL

LEXINGTON Programs is committed to quality loss control. 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.

For existing business that is rolling over to us, we will expect to see a Property Risk Control report dated within the past 3 years in the underwriting file for each account. If the last Property Risk Control report is over three years old, we would expect a new one to be ordered and in file within the first year we are on the account.

On all new business we would expect that a Property Risk Control report will be completed within the first six months the account is written with us.

The Trident Risk Control operation will be the provider of these reports and we understand that the reports will, for the most part, be multi-line reports. If needed, our Loss Control Dept can be utilized to supplement the Trident Loss Control activities.

18. NON-RENEWAL

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

19. MATERIAL CHANGE IN COVERAGE/RATE INCREASES

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

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

ACKNOWLEDGEMENT AND ACCEPTANCE

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

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

Acknowledged By:


Hilbert "Van" Schenck, II, President


Signature of Recipient/Designee

5/11/12
Date

Delegated By:

Robert J. O'Neil, Property Product Line Manager


Signature and Title

5/14/12
Date

TRIDENT PUBLIC ENTITY PROGRAM EQUIPMENT BREAKDOWN GUIDELINES

Covering business written by Trident Insurance Services, LLC – Municipalities and Schools

NEW BUSINESS REFERRALS:

Accounts meeting any of the following criteria must be referred to HSB:

1. New business with an Account TIV Greater than \$100,000,000
2. Any water treatment or sewage treatment plant with a location TIV > \$30M
3. Loss History – Provide 5 Year Loss Runs:
4. Accounts with 2 or more Equipment Breakdown (EB) losses paid within the last 3 years.
5. Accounts with a single EB loss over \$25,000 paid within the last 3 years.
6. Deductibles greater than \$25,000
7. Builders Risk Coverage
8. Any policy regardless of occupancy or value that has a location with a total generating capacity greater than 250 kilowatts based on the nameplate rating of the equipment. This does not include equipment intended to generate electricity solely on an emergency basis.
9. Requests to delete or amend any policy exclusion or condition with the exception of deleting the Omnibus Location Endorsement.

RENEWAL REFERRALS:

1. Renewal accounts that need to be referred to HSB:
 - a. If the insured is on the list. (Account TIV is irrelevant).
 - b. If an account has 2 or more EB losses paid within the last 3 years; OR
 - c. If an account has a single EB loss over \$25,000 paid within the last 3 years.
 - d. If there is a request to increase the deductible option > \$25,000
 - e. If there are account locations that include electric/transformer distribution sub-stations
 - f. If any policy regardless of occupancy or value has a location with a total generating capacity greater than 250 kilowatts based on the nameplate rating of the equipment. This does not include equipment intended to generate electricity solely on an emergency basis.
 - g. If there are requests to delete or amend any policy exclusion or condition with the exception of deleting the Omnibus Endorsement.
 - h. If it is a Builders' Risk Coverage.
 - i. Expiring rates may be used.
2. If the account does not meet any of the above, you can renew the account yourself.
 - a. If the current account TIV is now over \$30M (last RENEWAL it was under \$30M), the deductible should now be a minimum of \$2,500

Equipment Breakdown wording: Enhanced Property Forms and Endorsements.

NEW BUSINESS RATES

100% ACCOUNT TIV	FACTOR PER \$100 OF ACCOUNT TIV	COMBINED DEDUCTIBLE
\$1,500,000 and below	\$250 Minimum Premium	\$250
\$1,500,001 to \$5,000,000	0.022	\$500
\$5,000,001 to \$7,500,000	0.02	\$500
\$7,500,001 to \$10,000,000	0.0155	\$500
\$10,000,001 to \$15,000,000	0.014	\$1,000
\$15,000,001 to \$20,000,000	0.0124	\$1,000
\$20,000,001 to \$25,000,000	0.0112	\$1,000
\$30,000,001 to \$50,000,000	0.01	\$2,500
\$50,000,001 to \$100,000,000	0.0086	\$2,500
\$100,000,001 or greater	Refer to HSB	

DEDUCTIBLE FACTORS:

We recommend matching Lexington Property Deductible

Decreased Deductible Factor: Combined Deductible of \$250 may be used for the following Rating Levels:

\$1,500,000 and below—No Additional Charge

\$1,500,001 to \$5,000,000 – Apply Factor of 1.05 to rate

INCREASED DEDUCTIBLE FACTORS:

Increased Deductible Factors	Base Combined Deductible			
		500	1,000	2,500
500	1.00	xxxxx	xxxxx	
1,000	0.9440	1.00	xxxxx	
2,500	0.8680	0.9195	1.00	
5,000	0.8090	0.8570	0.9320	
10,000	0.7500	0.7945	0.8641	
25,000	0.7000	0.7415	0.8065	

Deductible Factors greater than \$25,000- refer to HSB Underwriting.

Definitions:

Total Insured Value "TIV" includes: All Building & Business Personal Property Values (100% RCV).

A location is defined as "premises involving the same or connecting lots, or premises whose connection is interrupted.

Emergency basis generation of power is as follows: "Emergency Systems" are those classified as essential for human life.

Notes:

PRICING FACTORS:

(Optional)

Maximum range available of -20% applicable only to accounts with Total Insurable Values of \$5M (\$10M in CT) or more.

10% may be automatically applied by the Trident Insurance Services LLC underwriter. If a deviation is needed in excess of 10% or increased Deductibles is needed for pricing please refer to the Trident Management.

RENEWALS – May use expiring rate.

POLICY MINIMUM PREMIUM: \$250.