



AIG Programs

Program Underwriting Authority

WorkTruckGuard Program

Edition Date:	07/09/2015
Program Administrator:	Willis Programs of New Hampshire, Inc. Pease International Tradeport 1 New Hampshire Ave. S-200 Portsmouth, NH 03801
Principal(s):	David Hampson, National Partner, Willis Programs James Kelley, Underwriting Officer
Program Description:	Property including Equipment Breakdown, Crime, Inland Marine, General Liability, Automobile and Umbrella coverages for truck body distributors, trailer manufacturers, truck body fabricators, truck body and bed manufacturers, emergency vehicle conversions and specialty equipment installers for the work truck aftermarket.
Program Manager:	JoAnne Artesani
Program Inception:	July, 2008
Division:	66 – AIG Programs
Related PUC Numbers:	DSP-10-PUC39; DSP-10-PUC-40; DSP-10-PUC-41; DSP-10-PUC-42
Program Territory:	United States of America excluding all territories and possessions
Program Commission:	22%



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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 between the instructions contained within this Authority and any other communication, this Authority shall supersede all other instructions.

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

1. PROGRAM OVERVIEW

1.1 ELIGIBLE BUSINESS – PROGRAM DESCRIPTION

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

Accounts that derive at least 75% of company revenue from “truck equipment” operations and/or trailer manufacturing will be considered.

“Truck Equipment” means any equipment that is designed for mounting on the bare truck chassis, truck bed, or truck body to convert the truck to a special use vehicle. Eligible accounts include those that perform “truck equipment” services on the following types of vehicles:

3711 Motor Vehicle & Passenger Car Bodies

- 05 Ambulances
- 06 Armored Cars
- 07 Fire Trucks
- 09 Truck Manufacturing
- 10 Towing Equipment



- 3713** Truck and Bus Bodies
 - 02 Automobile Wreckers
 - 03 Truck Body Manufacturers

In addition, the following SIC codes are eligible:

- 3714** Motor Vehicle Parts and Accessories
 - 10 Truck Equipment & Parts Manufacturing
- 3715** Truck Trailers
 - 02 Trailers Truck Manufacturing

The corresponding Profit Unit Code(s) (PUC) associated with this program are:

- DSP-10-PUC-39 – Agency Bill Primary
- DSP-10-PUC-40 – Agency Bill Excess
- DSP-10-PUC-41 – Direct Bill Primary
- DSP-10-PUC-42 – Direct Bill Excess

In addition, We require the following account attributes*:

- At least five (5) years in operation (new business only; once approved, further account referrals are not needed). Risks operating for less than five (5) years may be considered when the owner has at least five(5) years prior experience in the adaptive business.
- Four-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 all lines combined must be less than 50%, or 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).
- 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, 3, or 'no alerts' 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, or where eStart indicates 'not evaluated' with an annual premium of less than \$250,000, the following financial review is acceptable when documented in file:

- 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 \$250,000, you must submit the account to your Program Manager along with a copy of their current financial statements for approval prior to quote.

1.2 INELIGIBLE BUSINESS

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

- Operations involving equipment leasing and/or rental where leasing/rental receipts exceed 10% of total receipts.
- Risks that have filed for or operated under any chapter of the United States Bankruptcy code over the past five years.
- Design of truck bodies, tow kits, crane kits, or bodies for fire trucks or emergency vehicles.
- Suspension work on chassis or trailers
- Upgrade of brakes or brake service work for truck equipment installation
- Design of or manufacture of axles or chassis
- Manufacture, design, or installation on chassis of cranes, bucket trucks, people lifters, etc.,
- Manufacture, design or installation of any automobile or truck operating parts or component parts. Operating parts are defined as wheels, axle and component parts of the engine, drive train, suspension, steering, ignition, electrical or hydraulic systems or any component parts of these systems of the vehicle.
- Trailer manufacturers who derive less than 10% of their sales through dealers
- Operations with RV trailer sales, camper trailer manufacturing

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 SYSTEM¹
Commercial Property/Inland Marine	\$75,000	Coverall
Commercial Package Policy	\$185,000	Coverall
Commercial General Liability	\$100,000	Coverall
Commercial Automobile	\$50,000	Coverall
Commercial Crime Coverage	\$10,000	Coverall
Umbrella Liability Coverage	\$25,000	Coverall
The sum of all policies and/or coverages written for one insured	\$230,000	

2.3 NAMED INSUREDS

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

Note: Individuals (i.e., natural persons) may not be listed as a “Named Insured” on Our policies.

Please refer all accounts that are requesting either an individual or a non-qualifying entity to be listed as a “Named Insured” to your Program Manager prior to quote.

2.4 LIMITS AUTHORITY

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



PROPERTY/CRIME COVERAGES	Limits	
PROPERTY		
Commercial Property and/or Inland Marine	\$10,000,000	Maximum Amount Subject (gross) in Protection Class 1 - 8
	\$3,000,000	Amount subject any location in Protection Class 9 or 10
	\$15,000,000	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*),	\$ 1,000,000	
Earthquake Sprinkler Leakage – 250 Year MMI Zones 1 – 6.99 (derived from RiskMeter*),	\$ 1,000,000	
Flood – RiskMeter flood score over 40	No Authority	
Flood – RiskMeter flood score 10 - 40	\$ 1,000,000	
* See Qwik Notes for Information on RiskMeter		
Wind/Coastal Property	No Authority	Refer to the Windstorm section of Property Qwik Notes for guidance prior to making your referral.
Equipment Breakdown	Per Equipment Breakdown Addendum	See Section 5 for Equipment Breakdown Addendum.
CRIME		
Commercial Crime (1): Employee Theft (1) Includes Employee Benefit Plans – when scheduled on the Declarations Page	\$250,000	Per Occurrence
ERISA	\$500,000	Per Occurrence
Forgery or Alteration	\$250,000	
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	\$100,000	
Computer and Funds Transfer Fraud	\$100,000	
Money Orders and Counterfeit Money	\$100,000	
All other Commercial Crime	\$100,000	Per Occurrence



GENERAL LIABILITY, AUTOMOBILE, GARAGE, UMBRELLA		
	Limits	
Commercial General Liability and Products Liability	\$1,000,000 \$2,000,000 \$2,000,000	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	\$ 300,000	
Employee Benefits Liability	\$1,000,000 \$3,000,000	Claims Made Annual Aggregate
Commercial Automobile Liability	\$1,000,000	Any One Accident
Commercial Automobile Physical Damage	ACV to	Per Vehicle Replacement Cost
Minimum Deductible:	\$125,000	
➤ \$1,000 with Cost New Less than \$60,000		
➤ \$2,000 with Cost New At or Above \$60,000		
Amount Subject Any One Location	\$1,000,000	
Garagekeepers Coverage:		
Comprehensive	\$1,500,000	Customer autos in our CCC
Collision	\$1,500,000	Customer autos in our CCC
Commercial Umbrella	\$5,000,000 \$5,000,000	Each Occurrence 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
Commercial General Liability	Inland Marine	Enhanced Property Forms
Commercial Auto		Equipment Breakdown
Commercial Property		Commercial Umbrella
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.

2.6.2 NEW YORK FREE TRADE ZONE (NYFTZ)

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

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

2.7 POLICY TERM

Policy periods (including any coverage and rate commitments associated therewith) may not exceed twelve (12) months.



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

2.8 PRICING AUTHORITY

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

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

2.8.1 ISO "REFER TO COMPANY" RULES

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

2.9 LIMITATIONS TO AUTHORITY

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



2.9.1 LIMITATIONS: GENERAL LIMITATIONS

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

1. Quote or bind an account operating pursuant to any chapter of the United States Bankruptcy Code.
2. Quote or bind any account with Commercial Auto exposures of a long-haul nature, defined as a radius of operations greater than 250 miles.
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.

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 if not written through Coverall.
14. Mold/Fungus Coverage.
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

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

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

2.10 STATE SURCHARGES AND FEES

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

2.11 POLICY ISSUANCE AUTHORITY AND SERVICE STANDARDS

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



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

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

2.12 APPROVED COVERAGE FORMS AND ENDORSEMENT AUTHORITY

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



Embedded Forms
Template for UW Guic

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

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

2.13 DELEGATION OF AUTHORITY

The person designated in Section 6 (the “Designee”) may delegate the underwriting authority set forth herein to employees of the Program Administrator, provided such employees are under the employ and direct supervision of such designee. Any such delegation of authority must be done in writing, maintained on file at the Program Administrators office and made available to the Company upon request. No person other than the Designee may delegate any underwriting authority nor may the Designee delegate any authority to anyone outside of the employ of the Program Administrator. Any exceptions to any of the foregoing must be expressly approved in writing by your Program Manager prior to initiating the quote process.

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



2.14 UNDERWRITING GUIDELINES - QWIK NOTES

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

3. PROGRAM UNDERWRITING RULES

3.1 UNDERWRITING FILE/DOCUMENTATION REQUIREMENT

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

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

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



- g. Loss Control Reports.

The minimum additional document requirements by product line are:

3.1.1 PROPERTY FILE DOCUMENTATION REQUIREMENTS

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

3.1.2 GENERAL LIABILITY FILE DOCUMENTATION REQUIREMENTS

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

3.1.3 AUTOMOBILE FILE DOCUMENTATION REQUIREMENTS

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

3.1.4 UMBRELLA / EXCESS CASUALTY FILE DOCUMENTATION REQUIREMENTS

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

3.2 APPLICATIONS

A copy of the completed, signed and dated application is required on all new business and kept in the policy file, along with any supplemental applications, questionnaires, or statements of value which are critical to the underwriting of the account. Umbrella applications are not required to be signed if all of the underlying applications have been signed. Where the application becomes part of the insurance policy (as is the case with Professional Liability, for example) subsequent applications must be signed. Where the application



does not become part of the insurance policy, subsequent renewal applications do not need to be signed, although it is considered preferable to obtain such signatures where possible. However, a completed, signed application is required every three years.

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

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

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

3.3 ACCOUNT CLEARANCE/RESERVATION IN 'E START'

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

In addition, when an account is bound, it must be updated in eStart to reflect a bound status.

3.4 ACCOUNT SUMMARY WORKSHEET

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

- Name and address of the First Named Insured
- Complete list of Named Insureds, a brief summary of each named insured's operations (including any discontinued operations).
- Description of all operations (confirming eligibility).
- Exposure and hazard analysis.
- Current/expiring premium (for new business, where available).
- Loss history summary by line of business supporting eligibility, including the following:
 - Total number of losses and total loss dollars incurred by policy year
 - Analysis of any claim in excess of \$50,000
- D&B Score of 1, 2, or 3 (from eStart), or if the score is 0, 4, or 5, financial analysis as directed in Section 1.1, Eligibility, or referred to the Program Manager with supporting financials and approved prior to quote.
- Underwriting rationale supporting writing the account.



3.5 LOSS RUNS/LOSS ANALYSIS

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

3.6 REFERRAL PROCESS / REQUIRED DOCUMENTATION

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

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

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

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

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

1. When limited by your Program Manager and stated in their approval email; or
2. Deterioration of previously approved three year account loss ratio of more than 10%; or
3. Any referral for negative ELP 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. Such binder must outline the final agreed-upon terms and conditions (which may differ from the quote letter assuming the changes are non-monetary). All binders must be converted to a .pdf format, sent via email, and retained in the underwriting file, along with the dated cover letter that accompanied the binder. A binder cannot be issued for a period of more than 30 days without written approval by the Company.

Binders may consist of an ACORD Form 75 or a binder letter, provided however, that all binder letters must reference the quote being bound and include the following information:

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



- Limits
- Deductibles/SIR's/Coinsurance
- Fees and assessments
- Premium
- Writing company(s)
- Special conditions (warranties, subject to conditions, disclaimer wording in the event of a material change in exposure or conditions)
- All non-monetary changes agreed to at time of binding

All binder letters must contain the following language:

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

3.10 OTHER UNDERWRITING CONSIDERATIONS

3.10.1 CANCELLATIONS/NON RENEWALS

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

3.10.2 DECLINATIONS

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

3.10.3 MATERIAL CHANGE IN COVERAGE/RATE INCREASES

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

3.10.4 STATE SPECIFIC AMENDATORY ENDORSEMENTS



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

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

3.10.5 HEADQUARTERS STATE RULE

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

3.10.6 TERRORISM RISK INSURANCE ACT (TRIA)

You must comply with provisions of the Federal Terrorism Risk Insurance Act of 2002, as amended. You must provide a quote for terrorism when providing coverage for Property, General Liability, and/or Excess Casualty lines of business. The Company has taken the position that coverage for terrorism for these lines must be offered with no option to reject coverage, using Form 96556 (02/08) 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.)

Note: with the recent reauthorization of the Federal Terrorism Risk Insurance Act, new endorsements are required. We will notify you of the changes when they become available. For now, continue to use the form specified in this section.

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.

All new business is subject to a physical pre-inspection to evaluate and confirm products liability exposures.

4.2 PREMIUM INSTALLMENTS AND FINANCING

The Company does not offer premium installments. 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 / CRIME: APPROVED RATES AND RULES

Unless otherwise directed in this section:

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

ISO forms are to be used on most accounts. *(use when ISO is the main coverage form being used)*

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.

- Loss or damage to autos or customer auto equipment and trailers left in insured care, custody or control will be covered in the property portion of this program.
- The autos or equipment will be defined as contents (stock) and coverage will be provided accordingly by endorsement.



CRIME:

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

- Effective immediately, all new Crime business should be written using ISO's Actual Loss Sustained coverage form (CR 0021)
- In the event You would like to write a new Crime policy on the 'Discovery' form, it requires a referral and prior approval by the program manager utilizing a retroactive date that is concurrent with the inception date of policy. However, the use of this form is strongly discouraged.

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

5.2 GENERAL LIABILITY – APPROVED RATES AND RULES

Unless otherwise directed in this section:

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

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

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

- Where ELPs are used, authority is granted to implement a negative deviation from the ISO ELPs up to -25%. There are no limitations for positive deviations subject that clear documentation supports the rate deviation. Deviations must be based on the individual risk characteristics. How the final ELP was arrived at must be clearly documented in the file. Schedule rating does not apply to ELPs.

Optional GL Endorsement Rating Rules:

CG 24 04 - no charge

CG 2010- no charge in NY and CA. All other states, specific job/additional insured- 1% of prem ops premium for job related payroll subject to a minimum charge of \$100.

Blanket basis- 1% of policy prem ops premium subject to a minimum. charge of \$250.

CG 2037 - no charge in NY and CA. All other states- specific job; 1% of prem ops premium for job related payroll subject to a minimum charge of \$100.

Blanket basis- 1% of policy products/completed ops premium subject to a minimum charge of \$250.



61712 (08/07)- Additional Insured Where Required by Written Contract can be used in lieu of CG2010/CG 2037 with no charge in NY and CA. All other states charge 1% of full GL premium subject to a minimum premium charge of \$250.

74434- Additional Insured Primary Coverage- no charge in NY and CA. All other states-flat charge of \$100

Eligible Classifications:

Classification	Class Code	Premium Basis	SIC Code
Distributors- no food or drink	12362	Gross Sales	5012
Automobile Parts and Supplies Distributors	10070	Gross Sales	5013
Auto Repair and Service Shops	10073	Gross Sales	7538
Automobile, Bus, and Truck Body Mfg.	51250	Gross Sales	3711
Automobile, Bus, or Truck Parts Mfg.- non operating parts	51252	Gross Sales	3714
Trailer Mfg.	59798	Gross Sales	3715
Auto Parts – sales	10071	Gross Sales	
Manufacturers Rep	45993	Gross Sales	

REFER TO COMPANY RULE:

- **Damage to Premises Rented to You**

The only states in which we have filed & approved premiums are CA & NY. For all other states, use the NY premiums.

CA Filing CHS-12 GL-08 eff. 9/11/12

To increase the limits in excess of the basic \$100,000 limits for Damage to Premises Rented to You, use the following charges:

Occurrence Limit	Damage to Premises Rented to You Limit	Charge
\$300,000	\$300,000	\$100
\$500,000	\$500,000	\$200



\$750,000	\$750,000	\$375
\$1,000,000	\$1,000,000	\$450

For each additional \$1,000,000 limit above \$1,000,000 up to a maximum of \$5,000,000, charge a flat rate of \$400 per \$1,000,000.

* The Damage to Premises Rented to You Limit must not exceed the Occurrence Limit

NY Filing CHS-12 GL-08 eff. 1/22/14

To increase the limits in excess of the basic \$100,000 limits for Damage to Premises Rented to You, use the following charges:

Occurrence Limit	Damage to Premises Rented to You Limit	Charge
\$300,000	\$300,000	\$100
\$500,000	\$500,000	\$200
\$750,000	\$750,000	\$325
\$1,000,000	\$100,000	\$450

For each additional \$1,000,000 limit above \$1,000,000 up to a maximum of \$5,000,000, charge a flat rate of \$400 per \$1,000,000.

* The Damage to Premises Rented to You Limit must not exceed the Occurrence Limit

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.



MVR Ordering Guidelines:

New business:

- Fewer than 30 drivers - MVR's should be ordered on all drivers within 5 days of binding and reviewed for acceptability within 10 days of binding. .
- 30 or more drivers - MVRs should be ordered on 30 drivers or a minimum of 25% of all drivers within 10 days of binding and review within 30 days. PMs may have the option to request a higher % if there are adverse trends and they may want to see more drivers reviewed

Renewals:

- MVR's should be ordered for all new drivers based on driver list updates. When Renewal applications sent – only request a list of new drivers only. Also MVRs should be pulled on 25% of the remaining drivers on expiring
- Based on current MVR guidelines, the PA is required to identify Type A or B violations, DUI, Reckless driving; etc. Unacceptable drivers are either excluded or a signed "no drive" letter should be obtained
- MVR's should be ordered every 3rd year for all drivers so a complete drivers list will need to be obtained.
- An MVR Grid will only be completed every 3rd year to include all drivers
- As noted above if a "clean driver" has a major violation during the policy term, it is a referral to the PM. With the PA's input, a decision is made to put them on MVR watch - (quarterly or, semi-annual). They can then be reviewed at renewal to decide if they should be excluded or a signed no driver letter should be obtained.

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 Umbrella Prime provided by the Company Notes

5.5 MISCELLANEOUS COVERAGES: EQUIPMENT BREAKDOWN

Work Truck Guard

Program Administrator: Willis Programs

General Statements Regarding Eligibility

- Eligible Occupancy: Truck Body Distributors, auto repair & service shops and other non-manufacturing risks. Machine Shops and general light manufacturing.



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 \$15,000,000.
- 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:

.03 Per \$100 of TIV for manufacturing locations and .01 Per \$100 of TIV for non-manufacturing locations

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

Definitions:

- "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. ACKNOWLEDGEMENT AND ACCEPTANCE

ACKNOWLEDGEMENT AND ACCEPTANCE

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

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

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

Acknowledged By:

Delegated By :

Willis of New Hampshire
Name of Program Administrator

Ruby Simmons, Product Line Manager
Name and Title of Grantor

Name of Recipient/Designee

INSERT ELECTRONIC SIGNATURE
Signature of Grantor

Title of Recipient/Designee

INSERT TODAYS DATE
Date

Signature of Recipient/Designee

Date