



AIG Programs

Program Underwriting Authority

WRIGHT FOOD PROGRAM

Edition Date:	05/1/15
Program Administrator:	Wright Specialty Insurance Agency, LLC 333 Earle Ovington Blvd, Suite 505 Uniondale, NY 11553
Principal(s):	Kevin Beer, CPCU – President Ellen Dividock – VP Adriana Melittas – VP - Program Manager
Program Description:	The program provides Casualty (GL, Non-Owned & Hired Car (Owned Auto is excluded), liquor liability, and limited product withdrawal expense), and Property, Inland Marine, and Equipment Breakdown coverage for retail food services such as supermarkets, grocery and food specialty stores (excluding convenience stores) and bakeries. Program also includes wholesalers – distributors and limited food processing (other than slaughter houses or meat packing).
Program Manager:	MaryAlice Stembridge
Program Inception:	May, 2015



Division: 66 – AIG Programs

Related PUC Numbers:

Puc	PUC NAME
930	WSI -WFP-RETAIL-Grocery-PKG & Auto
932	WSI -WFP-RETAIL-Supermarkets-PKG&Auto
936	WSI -WFP-RETAIL-Meat&Fish Mkt-PKG&Auto
938	WSI -WFP-RETAIL-Misc.Food-PKG & Auto
940	WSI -WFP-RETAIL-DELI-Lessor-PKG&Auto
942	WSI -WFP-WHOLESale-Distribtrs-PKG&Auto
944	WSI -WFP-Food Processors-PKG & Auto

Program Territory: United States, excluding its territories

Program Commission: 22.5%

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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 **Wright Food Program** (Hereinafter, the “Program”) that meet the following eligibility requirements:

- **Eligibility: Retail Food Services:**
 - The following major ISO GL class codes include retail grocers, supermarkets, food specialty stores (excluding convenience stores) and bakeries.
 - Eligible risk should generate 90% of the total revenue from the following ISO GL class codes.

➤ **Retail Food Service - Major ISO GL Class Codes:**

NAICS	SIC	ISO GL Class Code	ISO Description
445110	5411	13673	Grocery Stores



445110	5411	18501	Supermarkets
311811	5461	10100	Bakeries
445210	5421	15224	Meat, fish, poultry or seafood stores
445292	5441	10352	Candy or Confectionary stores

➤ **Incidental eligible - Retail Food Services:**

- **Should be 10% or less than account's total sales and/or premium:** Incidental exposure, for example lessee's, must be contiguous to the primary risk and cannot exceed more than 10% of the total sales (liquor or drugstore sales) or premium (Apartment; etc) on a per risk basis. Generally, the Best's hazard guide rating should not be higher than that of a grocery store.

Retail Food Services - Incidental GL Class Codes:

ISO GL Class Code	ISO Description
11288	Delicatessens (If food is served for consumption on premises it must be less than 10% of total sales)
15120	Markets – not open air (lessor's risk only – Not for profit only)
15123	Markets – open air (lessor's risk only) – Other than Not for profit)
15124	Markets – not open air (lessor's risk only) – Other than not for profit
12375	Drugstores - NOC
12374	Drug Stores – no table or counter service for beverage or food
60010	Apartment Buildings



60015	Apartment Hotels – less than 4 stories
60016	Apartment Hotels – 4 stories or more
59211	Liquor Liability – only as part of a major class code and must be less than 10% of total sales. Package stores and other retail establishments selling alcoholic beverage for consumption off premises
426622	Parking Private
49451	Vacant land – other than not for profit
49451	Vacant Buildings – not factories – other than not for profit (refer to Property Qwik notes for authority)

➤ **Eligibility – Wholesale/Distributors Food Services:**

- The following major ISO GL class codes include wholesalers/distributors including food warehouses, food freight forwarding and food processors (other than slaughter houses or meat packing):

Wholesale /Distributor Food Services- Major GL Class Codes:

NAICS	SIC	ISO GL Class Code	ISO Description
424450	5145	12361	Distributors – Food or Drink
424410	5141	13670	Grocery Distributors



- **Incidental eligible–Wholesale/Distributors Food Service:**
 - Should be 10% or less than account’s total sales/operation:

Wholesale /Distributor Food Services- Incidental GL Class Code:

NAICS	SIC	ISO GL Class Code	ISO Description
424490	5149	10141	Beverage bottlers – soft drinks – Beverage distributors – non- alcoholic

In addition, We require the following account attributes*:

- Liquor revenue must be less than 10% of revenue.
- Risk with apartments should have fully operational smoke detectors installed in each unit and the common areas of each floor. Risk can have no more the 6 units.
- Minimum of 3 year’s operating or management experience in the industry for New Location and start-up operations. At least five (5) years in operation (new business only; once approved, further account referrals are not needed).
- No ABC (Alcoholic Beverage Control) violations or other alcohol or civil ordinance violations or actions against the insured’s liquor license within the last 5 years.
- Applicant must have a written and active alcohol awareness program, TIPS (TIPS Training in Intervention Procedures for Servers) or an equivalent program (Program must address the service, sale and consumption of alcohol and frequency of training)
- Formally trained employees in Heimlich maneuvers – emergency evacuation procedures – life safety and driver training (if a driver). Also trained in proactive customer incident/complaint procedures.
- Liquor license must be in the applicant’s name
- Building (s) occupied must be constructed and/or upgraded for the specific occupancy of the insured in compliance with local building codes.
- Additional insured status should be limited to persons or companies from whom premises, land or equipment are leased by the insured, or to individuals/companies/municipalities contracting the insured to perform service or to municipalities that require sidewalk permits.
- Three-year currently valued (within 180 days of the proposed effective date) hard copy loss history provided by the insurance carrier on new business (see Section 3.5 for additional information).
- The loss ratio for the current year, and separately, all lines combined for the past three years, must be 30% or less, with 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 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 thirty five (35) 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. In addition, the following risk classes are considered ineligible for this program.

Ineligible risks and activities:

- Breweries, micro-brewery restaurants, restaurants (with fry-o-later and/or grills), convenience stores, meat packers, slaughterhouses, distillers and micro-distillers, and fish cannery operations.
- BJ or Costco – Walmart & Target type risk
- Greater than 10% of sales attributed to liquor
- Greater than 10% other than retail or wholesale store exposure
- Stores with greater than 10% of receipts from delivered product
- Concession Operations
- 24 hour operations (Referral to PM if incidental part of larger schedule (1 or 2 locations))
- Stores with Gasoline sales (Referral to PM if incidental part of larger schedule (1 or 2 locations))
- Stores open after midnight (Referral to PM if incidental part of larger schedule (1 or 2 locations))
- Delivery service - Risks that can call-in orders or on line for delivery. Risk that hire employees specifically for delivery orders using personal or company vehicles – Incidental catering is acceptable but must be referred Store open later than midnight
- Seasonal Operations (risks open less than 6-8 months and/or closed for more than 30 consecutive days)
- Stores with invalid or out of date liquor licenses or with any liquor law violations within the past five years.
- Establishments that have exhibited signs of operating difficulties Board of Health citations, revocation of any license.
- Principals and/or Managers who have violated criminal or civil law.



- No commercial automobile coverage provided for owned Autos under this program. A separate Non-Owned and Hired Auto Liability policy is required to be issued under a Commercial Auto policy using symbols 8 & 9.
- Any new applicant who does not have comparable liquor liability coverage and limits in force at the time of application. Intention is to avoid gaps in coverage.
- Off premises liquor sales (all liquor sales must be within the four interior walls of the building)

Ineligible exposures: Please note that any requests for an exception to the following **ineligible exposures must be referred to the Program Manager**. Proper documentation is required as to why it should be considered.

- Product Withdrawal Expense coverage related to foreign (Imported) product sales. Risks that primarily sell food or condiments derived from the sales of imported goods. Should discuss exposure with PM.
- Risk with any form of violation (Health Board or Liquor law (ABC) violations), received without confirmation of steps taken in order to prevent further violations depending on severity , otherwise these issues must be addressed PRIOR to quote being issued.
- Parking areas that include parking to the general public for a fee must be rated separately. All parking lots with valet service must be adjacent to the building (provided by employees or 3rd Party contractors). No Garage Keepers will be available.
- Risks that sponsor athletic events .
- Catering or Banquet operations – incidental exposures only should be less than 15% of total sales.
- Liquor license previously revoked or suspended.

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

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`
Non-Owned AUTO & Hired Car only	Included in GL PREMIUM of \$50,000	Coverall
The sum of all policies and/or coverages written for one insured	\$150,000	

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 to 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.

NON-OWNED & HIRED CAR AUTOMOBILE,	Limits	
Non-owned Auto & Hired Car Liability (Not available for risks with owned autos or risks with delivery service)	\$1,000,000	Any One Accident - Combined Single Limit

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
Commercial Auto – Non-Owned Auto & Hired Car Coverage only



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

Use of ISO Experience and Schedule Rating and IRPM	No Authority
ISO Rule 15 – Commercial Automobile	No Authority

2.8.1 ISO “REFER TO COMPANY” RULES



Anytime ISO has insufficient data to promulgate a rate or loss cost, they defer to the company to create its own rate. Please refer to Section 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.
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.



Wright Food Program
Forms list-4-30-15 - F

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:

3.1.2 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)

3.2 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. 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 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 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

There are no mandatory deductibles or SIR's for this Program. Accordingly, the use of any deductibles on 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.

Profit Sharing Agreements:

The Program Administrator must affix the following language to all quotes and binders issued pursuant to any profit sharing arrangement:

"[PA NAME] IS ACTING AS THE PROGRAM ADMINISTRATOR/MANAGER FOR THE INSURANCE COMPANY PROVIDING THIS COVERAGE AND RECEIVES COMPENSATION FROM THE INSURANCE COMPANY FOR ITS SERVICES. THE COMPENSATION MAY VARY DEPENDING ON THE PROFITABILITY OF THE INSURANCE CONTRACTS WHICH IT SELLS. YOU MAY OBTAIN MORE INFORMATION ABOUT THE COMPENSATION EXPECTED TO BE RECEIVED BY THE PROGRAM ADMINISTRATOR/MANAGER BY REQUESTING SUCH INFORMATION FROM THE PROGRAM ADMINISTRATOR/MANAGER."

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.

89644 (06/13)	Economic Sanctions Endorsement (OFAC)	All states except AK
118019 (07/14)	Economic Sanctions Endorsement (OFAC) - AK	AK

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.

1. The Program Administrator should request a physical survey on all new business and every three (3) years thereafter, if any of the following applies:
 - a. Total combined premium is \$50,000 or greater
 - b. Property amount subject value 2,500,000 and greater. For accounts with multiple locations, develop a plan to complete location surveys within five years. The plan should be developed in conjunction with the Program Manager.
 - c. At the discretion of the underwriter; a physical survey can be ordered more frequently and regardless of premium size, or amount subject total value, if necessary.

If the underwriter has special instructions or questions they need answered via a survey that are unique to the program or account, such instructions should be outlined in the survey request.

2. The Program Administrator should review the survey report and recommendations (if any) within seven (7) calendar days of receipt. The underwriting file should reflect the review and the date it was done and any underwriting actions, if any, that may be necessary as a result of such review.
3. AIG Programs is responsible for mailing the insured and agent the survey letter and recommendations requesting a response to *essential* recommendations (if any) within 14 days.
4. The underwriter is responsible for follow-up on *Essential* recommendations on or about day 45 that no response or a non-compliance response to *essential* recommendations was received.

4.2 PREMIUM INSTALLMENTS AND FINANCING

Premium Installments:

- Refer to Non-Admitted UW authority for information on account premium installments.

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

Premium Audit: N/A for NOHC



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.

5.3 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.



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. If AIG Programs does not receive the executed copy within such time, this Underwriting Authority Statement will automatically go into effect on 5/31/15.

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

Acknowledged By:

Delegated By :

Name of Program Administrator

Ruby Simmons – Product Line Mgr
Name and Title of Grantor

Name of Recipient/Designee

Signature of Grantor

Title of Recipient/Designee

Date

Signature of Recipient/Designee

Date



5.2 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.

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Unless otherwise directed in this section:

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

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

Acknowledged By:

Delegated By:

Wright Specialty Insurance Agency, LLC
Name of Program Administrator

Ruby Simmons – Product Line Mgr
Name and Title of Grantor

KEVIN C. OGER
Name of Recipient/Designee

Ruby Simmons
Signature of Grantor

PRESIDENT
Title of Recipient/Designee

6/2/15
Date

Program Underwriting Authority: Wright Food Program – 5/1/15 Edition Date
CONFIDENTIAL – FOR INTERNAL AIG PROPERTY AND CASUALTY PURPOSES ONLY



Kim C. Bell
Signature of Recipient/Designee

6/1/15
Date

Program Underwriting Authority: Wright Food Program – 5/3/15 Edition Date
CONFIDENTIAL – FOR INTERNAL AIG PROPERTY AND CASUALTY PURPOSES ONLY

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