



## AIG Programs

### Non-Admitted 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-Distrbtrs-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 3<sup>rd</sup> 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.

### 1.3 GENERAL RISK CHARACTERISTICS FOR FOOD PROGRAM – NOTE: LINE OF BUSINESS QWIK NOTES TAKE PRIORITY

#### General Liability:

- Trash and other waste materials should be disposed outside of the building on a daily basis before closing time.
- Risk must meet applicable life safety codes.
- Operations should have a service contract with a reputable pest control company providing exterminating and inspection services on a regular, scheduled basis.
- Employees should be trained in the proper method of assisting a choking patron (Heimlich Maneuver)
- Emergency doors should be equipped with panic hardware to permit easy egress, be properly marked, and be lighted with exit signs.
- Adequate premises lighting and back up emergency lighting systems should be provided.



- A contract or plans should be in place for the prompt and effective removal of snow and ice from the parking lot and walk ways. If contracted out, the contractor should provide a certificate of insurance for GL, AL and WC.
- Garbage and trash should be regularly removed from the building and stored in covered metal cans or dumpsters located a safe distance from the building.

**Property:**

- Roofs must be replaced or resurfaced within the last 25 years
- Heating, air conditioning, refrigeration and plumbing must meet local code. Systems over 25 years in age must be inspected and certified by a licensed qualified HVAC contractor
- Electrical installation and wiring must meet current local codes. Electrical systems over 25 years in age must be inspected and certified by a qualified licensed electrical contractor.
- For risks where the insured owns the building or where the insured is required to carry the building insurance coverage by contract, they should confirm that the sprinkler system was designed for the occupancy and is annually tested by a qualified service company. . To warrant the system operational readiness and maintenance the ISO Protective Safeguard Endorsement can be attached to the policy.
- Premises should be easily accessible for the fire department.
- Approved hand extinguishers of proper size, type and quantity, properly tagged and maintained on the premises. Employees should be familiar with the location of the fire extinguishers and training in their operation and use.
- Multi-story risks that have cooking exhaust system ducts passing through upper floors should have ducts that are enclosed in an approved, non combustible assembly and have automatic 'self closing' dampers.
- Smoking materials like cigarette butts must be properly handled and disposed of in smoke free towers.
- The risk should have proper protective alarms for fire and burglary (strongly recommended). Private protection devices should be hooked to a local alarm and preferably to a central station monitor alarm. Private protection systems for cooking surfaces and automatic fire sprinkler systems should be warranted for operational readiness and maintenance by adding the ISO Protective Safeguard Endorsement IL0415 to the policy, applying to P1 and P9 wording.
- Fire Alarm and Burglar Alarm (strongly recommended) protection should be present at all locations, documentation of this should be present as noted and documented on Acord Application and the Food Services Supplemental Application.

**Cooking Exposures and Controls:**

It is mandatory that cooking operations are compliant with the minimum preventative and operative safety requirements of NFPA 96. NFPA 96 is related to the design, installation, operation, inspection and maintenance of all cooking operations.

- Equipment used in the cooking operation that produces smoke or grease laden vapors shall be Underwriters Laboratory approved and equipped with an exhaust system which is installed and maintained in accordance with NFPA 96.



- All cooking surfaces should be protected by adequate surface extinguishing systems. It is mandatory that these fire extinguishing and or fire suppression systems for all of the risk's cooking surfaces be inspected and serviced by a qualified service company at least every six months. A written record of service and maintenance should be kept with records of the dates of inspection and service.
- There must be operative fire extinguishers installed in the cooking area. These extinguishers should be inspected and tagged annually at a minimum.
- There must be an operative automatic fuel shutoff to all cooking appliances activated by the discharge of an operative automatic extinguishing system.
- There must be an operative thermostat and over limit heat controls for deep fat fryers.
- Cooking surfaces and equipment should have the appropriate hoods, ducts and filters installed as prescribed in NFPA 96.
- There must be a regular (preferably weekly) schedule in house for cleaning of hoods, ducts and grease filters. Hoods and ducts in connection with the exhaust system must be cleaned quarterly by a professional maintenance firm with a written record of the maintenance schedule. Certificate must be maintained on the premises.
- Clearance between combustible materials and areas where cooking takes place must be at least 18 inches.
- Risks must have maintenance service agreement for refrigeration/freezing equipment.
- Preference is that risks have functioning and operational automatic sprinkler system (with Central Station Alarm for smoke, sprinkler and burglar systems) although not required.

## 2. AUTHORITY

### 2.1 INSURANCE COMPANIES

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

COMPANY NAME
Lexington Insurance Company (all states except DE)
AIG Specialty Insurance Company (DE only)

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

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

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



LINES OF BUSINESS	PREMIUM AUTHORITY	OPERATING SYSTEM`
Commercial Property/Inland Marine	\$50,000	Coverall
Commercial Package Policy	\$50,000	Coverall
Commercial General Liability (includes liquor – CIP – EPLI – Ltd Product Withdrawal Expense Coverages)	\$50,000	Coverall
Commercial Crime Coverage	\$included	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.



PROPERTY/CRIME COVERAGES	Limits	
<b>PROPERTY</b>		
Commercial Property and/or Inland Marine	\$25,000,000	Maximum Amount Subject (gross) in Protection Class 1 - 8
	\$10,000,000	Amount subject (gross) on risks of frame, masonry veneer or frame-joisted construction.
	\$2,000,000	Amount subject any location in Protection Class 9 or 10
	\$40,000,000	Total Insured Values in PC 1-8
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.
<b>CRIME</b>		
Commercial Crime (1): Employee Theft (1) Includes Employee Benefit Plans – when scheduled on the Declarations Page	\$250,000	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
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GENERAL LIABILITY	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 \$ 5,000	Wholesalers only Retailer only
Personal/Advertising Injury	\$1,000,000	Each Occurrence
Damage to Premises Rented to You	\$ 300,000	
Liquor Liability (not available in high hazard states (8 or higher) by ISO)	\$1,000,000 \$2,000,000	Each Occurrence Annual Aggregate
Employee Benefits Liability	\$1,000,000 \$1,000,000	Claims Made Annual Aggregate (Retroactive date 12/15/1998)
Limited Product Withdrawal Expense	\$100,000 \$300,000	Annual Aggregate limit – (retailers only) \$300,000 Annual Aggregate limit – (wholesalers/distributors only)
Deductible Amount per product withdrawal	\$10,000	Per Product withdrawal (retailers only)
Deductible Amount per product withdrawal	\$25,000	Per Product withdrawal (wholesalers only)
Participation % per Product withdrawal	10%	Per Product withdrawal (retail and wholesale)
Cutoff date	12 months	12 months prior to the effective date (retail and wholesale)
Stop Gap Liability – required if any locations are in the following states or territory: ND, Ohio, WA, WY & any state where the state fund does not provide WC Part B (Only Monopolistic states)	WA, WY, ND Limits \$500,000 \$500,000 \$500,000	Ohio limits \$1,000,000 \$1,000,000 \$1,000,000
Employment Practices Liability Insurance (EPL) - Limits up to \$1 million is available as referral to HSB.	\$250,000	Annual Aggregate Limit of Liability
CIP – Corporate Identify Protection		
Corporate Identify Protection Theft	\$250,000	Aggregate Limit
Each Person Identity Event sublimit	\$250,000	Per single event
Administrative Action	\$75,000	Per single event
	\$75,000	Per single event
Deductible	\$2,500	



Crisis Response	\$250,000	Crisis Response Aggregate Limit
	\$250,000	Crisis Response Costs
	\$50,000	Crisis Response Management Loss

## 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

Intentionally left blank.

## 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: Transit	Approved
Preferred Risk Property (PropertyOne Rating Plan)	No Authority





Use of ISO Experience and Schedule Rating and IRPM	Approved
ISO 'a' Rating	No Authority
Deviation from ISO 'Increase Limits Factors'	No Authority
ISO Rule 34 – Commercial General Liability	No Authority
ISO Composite Rating	No Authority
Loss sensitive rating or retrospective rating	No Authority
Large or Special Risk Rating	No Authority
Use of any other State Approved “Deregulation” relative to rate or form use	No Authority
Dividend plans: individual risk or entire program	No Authority
Premium deferral or cash-flow programs, or compensating balance programs	No Authority
Rate guarantees beyond the annual policy term	No Authority
Self insured retentions	No Authority
Consent to Rate Rules	No Authority
AIG Umbrella Rating Plan	Approved

## 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.

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### 2.9.2 LIMITATIONS: COVERAGES

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

1. Claims Made coverage in a program where the CGL is written on an Occurrence form (excluding Employee Benefits Liability).
2. Occurrence Coverage in a program where the CGL is written on a Claims Made form.
3. Employment Related Practices. (unless authority is granted)
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. (unless authority is granted)
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.

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### 2.9.3 LIMITATIONS: POLICY TERMS AND CONDITIONS

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

1. Individual risk, or programs requesting financial guarantees, e.g. any situation where we would be asked to include language in our policy, or assume obligations in the repayment of indebtedness.
2. Aggregate Limit reinstatement.
3. Requests for mid-term increase in limits of liability (GL only). A “no known loss” warranty statement from the insured may also be required.
4. Extension of cancellation or non-renewal provisions beyond the statutory minimum or 90 days, whichever is greater.



5. Master policies with certificates.
6. Manuscript policies, forms or endorsements, defined as insurance coverage documents, whether written by member companies of AIG or not, that amend policy coverage terms but are not filed.
7. Removal of any policy exclusion.
8. Property Loss – Limit forms or coverage.
9. Property (real, personal or inland marine) on a reporting form basis.
10. Property blanket policy limits.
11. Aggregate stop loss on deductibles or approved SIR's

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

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

## 2.11 POLICY ISSUANCE AUTHORITY AND SERVICE STANDARDS

You are authorized to issue policies and on behalf of the Company in accordance with the 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.xls



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.

### 2.15 SURPLUS LINES HANDLING AND RELATED CONSIDERATIONS

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



surplus lines broker of record. The Company may, if so required, request information from you regarding surplus lines policy handling to satisfy regulatory reporting requests it receives.

### 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.

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



The minimum additional document requirements by product line are:

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### 3.1.1 PROPERTY FILE DOCUMENTATION REQUIREMENTS

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

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### 3.1.2 GENERAL LIABILITY FILE DOCUMENTATION REQUIREMENTS

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

## 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 Insured's 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 Insured’s, 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

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.

- **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.
- **Corporate Identity Protection (CIP)** - mandatory deductible is \$2500. Refer to CIP rating manual.
- **Employment Practices liability Insurance Coverage (EPL)** – Deductible options: \$2,500 (except CA which is \$5,000 minimum) - \$5,000, \$10,000 or \$25,000.
- **Employee Benefits Liability** - mandatory deductible is \$1,000.
- **Limited Product Withdrawal Expense** – mandatory deductible - \$10,000 for Retailer and \$25,000 for Wholesalers and 10% Participation Per Product withdrawal
- **Minimum Property** deductible - \$1,000 retail and \$2,500 wholesale/distributors ( higher deductibles should be considered given the values/exposures)

### 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.”*

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### 3.8.1 SURPLUS LINES REQUIREMENTS FOR QUOTATIONS

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

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

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

“Premium figures do not include surplus lines taxes and fees”

### 3.9 BINDERS

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

You must issue a binder whenever a policy is not issued and mailed (USPS or electronically) within five (5) business days of the policy’s effective date. 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 must include at least the following information:

- Date of issue
- Quote being bound (where multiple quotes exist, you must identify the one being accepted by the insured)
- Effective date
- Type of insurance
- Coverage/Forms
- Limits
- Deductibles/SIR's/Coinsurance
- Fees and assessments
- Premium
- Writing company(s)
- Special conditions (warranties, subject to conditions, disclaimer wording in the event of a material change in exposure or conditions)
- All non-monetary changes agreed to at time of binding

All binder letters must contain the following language:

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

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### 3.9.1 SURPLUS LINES REQUIREMENTS FOR BINDERS

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

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

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

“Premium figures do not include surplus lines taxes and fees”



### 3.10 OTHER UNDERWRITING CONSIDERATIONS

#### 3.10.1 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, and/or 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 – FINANCING AND PREMIUM AUDITS

Premium Installments:

- Monthly - 25% & 9 installments or Quarterly – 40% down & 3 installments

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

Premium Audit Procedures:

- For risks with less than \$5,000,000 in annual sales or less than \$10,000 in GL premium, policies are non-auditable.
- For risks with more than \$5,000,000 in annual sales or GL premium between \$10,000 to \$100,000, they are auditable using telephone vendor managed by PAD.
- Risks exceeding \$100,000 in GL premium regardless of sales, will have physical audits conducted by PAD or telephone vendor audits for remote locations.
- For any risk where required by state regulation, it will be mandatory that PAD process an audit i.e. New York requires audits on accounts \$1500 or more in premium. Need to verify what form is used for accounts \$1500 to \$10,000.



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

**“Enhanced” property forms will be used for most accounts. ISO forms may be used on any account.**

**Enhanced Property Premium Charge** The rating rule for use of the filed forms is:

- 3% of the policy property premium, subject to;
- A minimum premium charge of \$225; and
- A maximum premium charge of \$1,000 per policy.

#### **Food Contamination and Communicable Disease Endorsement – Form #115262 (4/14):**

- Limits are \$100,000 or \$250,000
- Premium are Factor applied to the Business Income Premium
  - 1% for \$100,000 limit
  - 2.5% for \$250,000 limit

**Inland Marine:** the “enhanced” property form provides a \$50,000 limit for transit coverage on an Insured’s vehicle.

To extend coverage for goods in the care, custody and control of a common carrier or contract carrier under a shipping document:

1. Attach the transit endorsement shown on the forms list;
2. Determine the value of goods shipped under shipping documents and rate the exposure using the AAIS transit rate guideline provided with this authority document

You may provide higher transit limits, up to \$100,000 per vehicle.

To provide the additional limit:

- Attach the Supplemental Declarations – Limit and Deductible Changes Endorsement shown on the forms list;
- Determine the value of goods shipped under the shipping document and:
- Calculate the difference between the \$50,000 limit provided on the property form and the limit to be provided (the excess limit)



- Using the AAIS transit rate guideline provided with this authority document, rate for the “excess limit” per the guideline rating rules, this will be your additional premium for the increased limits

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

### **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

### **LIQUOR LIABILITY: CG 00 33**

- **AIG’s Liquor Liability policy** is subject to an independent rate filing which must be used to rate all liquor liability.
- The **liquor limit of liability** will not exceed the primary general liability limit, and will be offered only on a per policy basis, i.e., no per location aggregate limits.
- A completed Accord application or program specific application (if approved by AIG) must be used for all liquor policies. In addition, the underwriter will check for ineligible operations using social media/applicant web-sites.



- ISO Class Codes for Liquor Liability are used, and the exposure basis is per \$1,000 of liquor/alcohol beverage sales.
- The premium developed from the raters is subject to Schedule Rating, Company Tiers, and Experience Modification.
- All liquor premiums are subject to a minimum flat premium of \$500.
- The Cover-All policy administration system embeds the correct rating for liquor liability. However, the rating sequence in the Cover-All system does not properly include an important rating component of AIG’s Liquor Liability filing. As a result, when rating liquor liability in Cover-All, you must include the final Exposure Multiplier developed through the use of the **Liquor Rate Modification Spreadsheet**.
- The Exposure Multiplier is multiplied by the existing/initial increased limits factor shown in the system, with the result then inserted back as a new increased limits factor on the Liquor Liability Rating Screen.
- Retain a copy of the completed **Liquor Rate Modification Spreadsheet** within the underwriting file.
- For rating systems other than Cover-All use **Liquor Rater**. Make sure all required fields are completed. Retain the **LIQUORater** worksheet in the underwriting file.

**DAMAGES TO PREMISES RENTED TO YOU (FIRE LEGAL LIABILITY) – INCREASED LIMITS**

- The following is added to **ISO Rule 23. Paragraph D. Increased limits:**
- **LIMITS EXCESS OF \$300,000 ARE A REFERRAL TO PROGRAM MANAGER**
- To increase the limits in excess of **\$100,000** basic limits use the following charges:

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

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

**PARKING LOTS (including Remote Parking)**

- Parking Lot – ISO GL class code 46622 – Private – based on area.
- Remote Parking Lots –**Additional rate charge** : .04 x square footage

**LIMITED PRODUCT WITHDRAWAL EXPENSE – ISO FORM CG 0364**

- Risks that sell food or condiments that are manufactured or processed under their own label or others.
- **Limits of insurance available** - Refer to Section 2.4 Limit of Liability and deductibles
- **Retail Food Services:**
  - \$100,000 Annual Aggregate Limit





- \$10,000 - Deductible amount Per Product Withdrawal
- 10% - Participation Percentage Per Product Withdrawal
- Cutoff date – 12 months prior to Policy inception
- **Wholesale Food Services:**
  - \$300,000 Annual Aggregate Limit
  - \$25,000 - Deductible amount Per Product Withdrawal
  - 10% - Participation Percentage Per Product Withdrawal
  - Cutoff date – 12 months prior to Policy inception
- **Rates:** Use ISO rating for ISO form CG 0364. Use Product/CO Increased Limit Factor in coverall and surcharge 1.15% when more than 25% of an insured's revenue is generated by their private label products or where the majority of the revenue is derived from the sales of imported goods.
- **Additional Product Withdrawal Underwriting criteria:**
  - The following underwriting/rating information is required when **Limited Product Withdrawal Expense Coverage** is requested:
    - Annual sales, product description and labeling information
    - Product quality control procedures – Verify lot numbers or other identifying numbers are used to identify them if recalled.
    - Proof that HH agreements & AI status are obtained from their manufacturers/food processors.
    - Confirm that insureds are not accepting contractual agreements that would transfer the manufacturer's liability to their retail operation.
    - Utilize loss control to determine product withdrawal exposure and compliance of procedures noted above.

**ADDITIONAL INSURED ENDORSEMENTS (with Refer to Company premium charges):**

**Premium charges:**

**Form 61712 – Additional insured - \$150 per account**

**Other Additional insured endorsements - \$100 each endorsement**

Form #	Edition date	Endorsement Form
61712	08/07	Additional Insured- Where required by contract or agreement
CG 20 11	04-13	Additional Insured - Manager or Lessors of Premises
CG 20 10	04-13	Additional Insured – Owners, Lessees or Contractors
CG 20 26	04-13	Additional Insured - Designated Person or Organization
CG 20 28	04-13	Additional Insured-Lessor Of Leased Equipment



5.3 MISCELLANEOUS COVERAGES: EQUIPMENT BREAKDOWN - EMPLOYMENT PRACTICES LIABILITY COVERAGE (EPL) — CORPORATE IDENTITY PROTECTION (CIP)

FOOD SERVICES PROGRAM

EQUIPMENT BREAKDOWN GUIDELINES (Edition Date: 6/1/2013)

ELIGIBILITY: Grocery stores and related occupancies, apartments, offices with a location TIV up to \$25,000,000.

REFERRAL RISKS:

- 1. Any risk with locations outside the United States
2. Any risk with Inland Marine Coverage, Builders Risk, Equipment Floater or Contractor Installation Floater that requires Equipment Breakdown coverage
3. Any policy regardless of occupancy or value that has a location with a total generating capacity greater than 250 kilowatts based on the nameplate rating of the equipment. This does not include equipment intended to generate electricity solely on an emergency basis.
4. Any risk which has had an equipment breakdown loss greater than \$25,000
5. Any risk which has had two or more equipment breakdown losses in a 24 month period

EQUIPMENT BREAKDOWN INSURANCE PROFILE

Coverage: Comprehensive Equipment Breakdown Coverage

Table with 2 columns: Coverage Item and Limit/Details. Items include Equipment Breakdown Limit, Property Damage, Off Premises Property Damage, Business Income, Extra Expense, Expediting Expenses, Hazardous Substances, Perishable goods, Dependent Property, Computer Equipment, Data Restoration, Ordinance or Law, Service Interruption, and Newly Acquired Premises.

Other Conditions:



Newly Acquired Premises  
Deductible:

Covered for 180 days  
Follows Property, \$5,000 minimum  
\$10,000 minimum for locations with a TIV > \$10M

Spoilage Deductible: \$5,000 minimum  
Rate: .03/100 TIV

➤ **EMPLOYMENT RELATED PRACTICES LIABILITY COVERAGE (EPL)**

- Coverage form - 110325
- Application – 110332
- Supplemental Application – 110341
- **REFER TO ATTACHED EPL AUTHORITY DOCUMENT FOR RULES AND RATES**
- Coverage must be offered on an **“Opt Out”** basis.
- Coverage currently is not supported by Coverall.
- A rating worksheet documenting pricing is required until NexGen Coverall is available.

➤ **CORPORATE IDENTITY PROTECTION (CIP) – Optional coverage**

- Coverage form (s) Policy form: 107967 (2/11)
- Completed CIP Application and eligibility criteria noted in CIP Eligibility Doc and CIP Guide for Business.
- Limits (See options below)
- Underwriting Criteria (see below and Refer to CIP Underwriting Manual )
- Premium Charge – Refer to CIP Underwriting Manual
- The Lexington Programs Division’s CIP coverage is a claims made defense within limits format that provides three CIP coverage grants:

1. **Personal Identity Liability** - This coverage is designed to pay for liability claims resulting from security breaches that result, or could result, in third parties’ personal information being fraudulently used by an unauthorized person.

2. **Administrative Action** – This coverage will pay defense costs incurred by the insured in the defense of an Administrative Action such as an investigation, settlement, or formal adversarial administrative proceeding against the insured by a governmental agency.

3. **Identity Event Reimbursement Coverage** - This coverage is designed to pay reasonable expenses to mitigate the potential for a Personal Identity Liability loss post event. These expenses include forensic investigator to determine the extent of the security breach, notification costs to educate the general public post event, identity theft education and credit file monitoring. This coverage also provides public relation expenses to protect the reputation of the insured post event.

➤ **Limit of insurance:**

➤ (\$2500 mandatory deductible):

- |                                |                 |                         |
|--------------------------------|-----------------|-------------------------|
| ➤ CIP Aggregate Limit          | ➤ Option A –B-C | ➤ \$50k - \$100K-\$250K |
| ➤ Personal ID Liability        | ➤ Option A –B-C | ➤ \$50k - \$100K-\$250K |
| ➤ Administrative Action        | ➤ Option A –B-C | ➤ \$25K - \$50K - \$75K |
| ➤ Identity Event Reimbursement | ➤ Option A –B-C | ➤ \$25K - \$50K - \$75K |



- **Premium per policy\***                    \$500 Option A    \$1,000 Option B    \$2,500 Option C
- \*applies to policyholders with 3 or fewer locations.
- Refer to company for policyholders with greater than 3 locations.
- All premiums are minimum and fully earned upon inception.

## 5.5 SURPLUS LINES FORMS – MANDATORY USE

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

**Lexington Insurance Company** – Service of Suit Endorsement – PRG 2023 (05/14)

**AIG Specialty Insurance Company** – Service of Suit Endorsement – PRG 2084 (05/14)

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

**Alaska** – Alaska Policyholder Notice – 94079 (07/14)

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

**Montana** - Amendatory Endorsement / Conformity with Montana Statutes – 57120 (05/93)

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



6. ACKNOWLEDGEMENT AND ACCEPTANCE

ACKNOWLEDGEMENT AND ACCEPTANCE

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

Please sign below and return an executed copy of the Program Underwriting Authority to your Program Manager within 30 days. If AIG Programs does not receive the executed copy within such time, this Authority will automatically go into effect on 05/31/15.

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



**ACKNOWLEDGEMENT AND ACCEPTANCE**

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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. Been  
Name of Recipient/Designee

Ruby Simmons  
Signature of Grantor

President  
Title of Recipient/Designee

6/2/15  
Date

Kevin C. Been  
Signature of Recipient/Designee

6/1/15  
Date