

FARMERS MUTUAL FIRE INSURANCE CO. OF SALEM COUNTY

Est. 1851

“SUPERIOR SERVICE WITH PERSONAL ATTENTION”



125 West Broadway ~ Salem New Jersey ~ 08079

NEW JERSEY

◆ **PERSONAL LINES** ◆

UNDERWRITING GUIDELINES & PROCEDURES



SUPERIOR SERVICE WITH PERSONAL ATTENTION

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The Underwriters at Farmers of Salem have prepared this guide for you, our agent.

Our Personal Lines Homeowner *Advantage* program is currently designed for an MHO 3 Homeowner's one to two family primary and/or secondary dwelling, and well as an MHO 6 Condominium Unit Owner's, and an MHO 4 Tenant Homeowner's.

We can also provide coverage for one to four family owner-occupied or tenant-occupied dwellings in our Personal Lines Combination Dwelling program.

All of the above can be tailored to your client's needs by use of optional endorsements.

Our Personal Umbrella Liability program is competitively priced, and can provide up to a \$5,000,000 Liability limit above approved carriers subject to required underlying primary limits.

SCIPS Agent Rating system has been developed to provide efficient and accurate pricing to your clients, and the SCIPS Customer Service section allows your agency real time billing information making it easier than ever to do business.

Please inform your Field Representative or our IT Dept. at Ext. 6 if you do not have the current SCIPS software installed on your computer. Additional copies of these guidelines can be found on our website at www.farmersofsaalem.com.

You will be notified of any guide changes that are effected and as new product lines or endorsements are added to our Personal Lines programs.

We welcome your ideas and suggestions.

Thank you for your continued support of our company.

Kent W. Jones CPA CPCU ARe AIAF CIA - President & CEO
William A. Dine AAI – Vice President - Underwriting
James Reagan CPCU AU - Product Manager
Norman A. Falin CIC – Vice President - Marketing



Providing insurance services to the financial-buying public today and tomorrow.

Insurance is a people-oriented service industry and to succeed, we must provide:

A market that includes a wide selection of quality products, competitively priced and delivered correctly the first time with courtesy, timeliness and professionalism.

To enhance the security of our policyholders through sound management which achieves reasonable return on capital.

To demonstrate honesty and integrity in all relationships.

To be an equal opportunity employer where each employee has the opportunity to develop to their maximum potential.

To create ways to make it easier to do business with us.

We are dedicated to profitable growth as a group and development as individuals. The fulfillment of this Mission Statement will strengthen our relationships with customers, distinguish us from our competitors and help us remain financially secure.

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PERSONAL LINES – GENERAL INFORMATION

BINDING AUTHORITY FOR ALL PERSONAL LINES PRODUCTS

Coverage may be bound within the following ranges:

Section I Property Limits

★ MHO 3 - Primary or Secondary Residence	\$130,000 to \$1,000,000
★ MHO 4 - Tenant Homeowner	\$25,000 to \$150,000
★ MHO 6 - Condominium Unit Owner	\$75,000 to \$250,000
★ Combination Dwelling – Coverage A	\$175,000 to \$850,000
★ Combination Dwelling – Coverage C	Minimum \$15,000
★ MPL 15 - Scheduled Jewelry Item	\$1 to \$25,000
★ MPL 15 - Scheduled Fine Arts Item	\$1 to \$50,000

Requests for coverage limits outside of the limit ranges shown above must be referred to your underwriter prior to binding the risk.

Section II Liability Limits

- ★ Coverage E - Personal Liability (MPL 01) or Premises Liability (MPL 03)
Our minimum limit is \$300,000 on all Personal Lines programs with increased limits of \$500,000 or \$1,000,000 available.
- ★ Coverage F - Medical payments
Our minimum limit is \$2,000 on all Personal Lines programs with increased limits of \$3,000 or \$5,000 available.

Higher Liability limits may be obtained through a Personal Umbrella endorsement. See our Personal Umbrella section for eligibility and details.

DEPOSIT PREMIUMS

All premium funds shall be remitted to Farmers of Salem within five (5) business days after receipt as defined in Section 11:17C-2.2(a), Remittance Standards of the New Jersey Administrative Code.

A minimum deposit equaling 30% of the annual premium plus the PLIGA surcharge is required with all Personal Lines submissions where the insured is the payor of the premium.

Policies not paid in full will be billed on an installment plan based on premium level and subject to a \$6 fee per installment.

Please Note: *At this time, My Online Bill payments cannot be made until a policy is issued by our company.*

PERSONAL LINES – GENERAL INFORMATION

APPLICATIONS

All Personal Lines applications must be submitted using our SCIPS online system.

You, the agent, must read the Consumer Credit Report Disclaimer and Notification of the online application to the insured before submission. This can be done in person or over the phone.

Consumer Credit Report Disclaimer and Notification

In connection with this application for insurance, we may obtain a credit based insurance score and a claims history report. We may use a third party in connection with the development of your insurance score and claims history report. If we take this action you will have the right on an annual basis to request that we obtain a current credit report (insurance score) for you and determine whether use of the new information would result in a decrease in your insurance premiums.

- The information has been review with the Applicant and agreed upon
- The information has been reviewed with the Applicant and Applicant refuses insurance score

Each online application must be fully completed to allow for the underwriting of the exposures and include the following:

- **FOS Marshall Swift & Boeckh estimate number** - Please enter the estimate number in the Additional Comments section of the application.
- **Social Security Number** - Requested unless the insured has refused to provide it per the Consumer Credit Report Disclaimer and Notification.

Additional supporting documentation is required on the following:

- **Central Station Burglar/Fire Alarm Credits** – Certificate of Installation.
- **Personal Umbrella Coverage** – Fully completed ACORD 83 Personal Umbrella application signed by the insured along with copy of the current underlying automobile declaration page or other underlying carrier declaration pages for rental properties, etc. as documentation that minimum underlying liability limits are being provided by an approved carrier with an A.M. Best rating of B+ or higher.
- **Appraisals** dated within 3 years on any scheduled Jewelry item(s) requested with values greater than \$5,000. Appraisals must be from the USA or its territories.

Please Note: *A copy of the signed signature page of the application & any other required documentation such as appraisals, alarm certificates, etc. should be forwarded to Farmers of Salem office within 72 hours after the effective date of binding an online submission.*

COMPANION CREDIT

A 10% Companion Credit is available for our Homeowner Advantage MHO 3, MHO 4 & MHO 6 policies located in Coastal Zip Code Tiers 2 and 3 if they have a Personal Automobile policy with select carriers.

- Participating carriers: CURE, IFA, and Palisades
- Provide carrier, policy number and effective date in the appropriate section of the online application.
- Agent will be required to verify Auto coverage information as requested by company to continue discount.
- Agent will be responsible for notifying the Auto carrier for a reciprocal discount.

PERSONAL LINES – GENERAL INFORMATION

BROKER OF RECORD CHANGE

A Broker change will only be completed at renewal. Any BOR letter received after the renewal effective date will be processed at the next renewal.

We must receive the BOR letter **BEFORE** the renewal date and will require the following:

- **ACORD 36 Agent/Broker of Record Change** signed and dated by the insured prior to the effective date of renewal.
- **ACORD 80 Homeowner Application** completed and signed by the insured. Please note: This is the only instance where we will accept an ACORD application.
- **ACORD 83 Personal Umbrella application** if there is an MPL 180 Personal Umbrella endorsement on the expiring policy along with current copy of the underlying Personal Auto or Other declaration pages.

Once the BOR letter is received in our office, we will acknowledge receipt of same and process as follows:

- If the renewal has already been issued for the prior agent, we will cancel it flat and reissue the renewal with a new policy number for your agency.
- If the renewal has not been issued, we will issue the renewal with a new policy number for your agency.

SETTLEMENT SUBMISSIONS

We recognize the need to provide quick service on policy issuance to satisfy your client's needs at the settlement table.

- Check off Yes to the online application question, "Is This A Settlement Submission". Your submission will be given a priority and will be issued within a 24-hour period.
- Provide your email address in the "Additional Comments" of the application if you wish to receive a copy of the policy dec page by email. If you do not provide an email address, then the policy dec page will be faxed to your agency,
- If issuance within a 24-hour period would not meet the closing requirements, please call our Help Desk at Ext. 125 so that we may service those emergency situations.

PERSONAL LINES – GENERAL INFORMATION

HEATING SYSTEMS

Eligible Exposures

- Above ground Fuel Oil storage tanks.
- Basement Fuel Oil storage tanks.
- Underground Propane Tanks subject to the following underwriting requirements:
 1. UL approved tank.
 2. Propane tank is owned by Dealer-documentation may be required.
 3. Propane service agreement for annual maintenance.
 4. Emergency shut off located in residence.

Ineligible Exposures

- Active Underground Fuel Oil Storage Tanks.
- Inactive Underground Fuel Oil Storage Tanks whether or not they have been filled with sand or otherwise “remediated”. The only acceptable remediation method is removal of the tank.
- Underground Propane tanks as follows:
 1. Tank not owned by a Propane Dealer.
 2. Size of tank is 1,000 gallons or more.
 3. Appliance connectors are 20 years or older.
- Risks without a Central Heating System.
- Kerosene Heaters.
- Gas-on-Gas Heating Systems.

Wood Stoves or Pellet Stoves

- Supplemental Heating Source Only.
- Verification stove was professionally installed. (Documentation may be required)
- Interior inspection will be required.

MPL 127 - Fuel Oil Limitations – Liability

This endorsement provides limited third-party coverage for injury arising out of fuel oil. It is available for risks with an above ground, or basement fuel oil tank in our Homeowner **Advantage** MHO 3 or MHO 6 program, or our Combination Dwelling programs.

- **This coverage is only available at inception, or by endorsement to the new business policy within 60 days of the inception date of the policy.**

MULTIPLE NAMED INSURED

Eligible for a Homeowner **Advantage** MHO 3 or MHO 6 policy, or a Combination Dwelling policy provided each individual Named Insured is a deeded owner of the property.

- **On an MHO 3 or MHO 6 Homeowner** - Any deeded owner who is not an occupant of the residence should be listed as an Additional Insured on the MPL 40 endorsement for both Section I & II coverage.
- **On an owner-occupied Combination Dwelling** - Any deeded owner who is not an occupant of the dwelling should be listed as an Additional Insured on the MPL 40 endorsement for both Section I & II coverage.
- **On a tenant-occupied Combination Dwelling** – All deeded owners should be listed as Named Insureds. However, it is best if the 1st individual Named Insureds matches the mailing address.
- Please note: Corporate, LLC or Partnership business entities are NOT considered multiple named insureds.

PERSONAL LINES – GENERAL INFORMATION

PROPERTIES IN ESTATE OWNERSHIP

Eligible for a Combination Dwelling policy for a one to two family dwelling occupied by tenant(s) or family member(s) subject to the following:

- Farmers of Salem wrote the prior Homeowner's policy on the dwelling.
- The Estate should be listed as the Named Insured. Executors or Executrices can be added as an Additional Interest on the MPL 40 endorsement form.
- No Coverage C Personal Property or MDL 2 Personal Liability coverages are available for the tenant or family member(s) on the CD policy. These coverages can be provided on a separate Homeowner **Advantage** MHO 4 policy for the individual(s).

Ineligible for the following:

- Homeowner **Advantage** MHO form programs.
- Three to four family dwelling. Please refer to your Commercial Lines underwriter for consideration.
- Vacant or unoccupied dwelling.

CORPORATE OWNERSHIP

Eligible for a Combination Dwelling policy for a one to four family tenant- or owner-occupied dwelling if deeded in a Partnership, LLC or Corporate entity name subject to the following:

- No Etal, Etc. or Other as part of the commercial entity name.
- No Coverage C limit or MDL 2 Personal Liability coverage are available for an owner occupied dwelling. These coverages can be provided on a separate Homeowner **Advantage** MHO 4 policy for the individual owner's property.

Ineligible for the following:

- Homeowner **Advantage** MHO form programs.
- Vacant or unoccupied dwelling.

TRUSTS / LIVING TRUSTS

Eligibility is subject to the following:

- **Occupied by a member(s) of the Trust or Living Trust** – Eligible for a Homeowner **Advantage** MHO 3 or MHO 6 policy only if member(s) are residing in the dwelling or condo unit on a primary basis.
 - The member(s) of the Trust or Living Trust should be listed as the Named Insureds.
 - The Trust can be added as an Additional Insured on the MPL 40 endorsement form for both Section I and II coverage.
- **Occupied by a tenant** – Eligible for a Combination Dwelling policy.
 - Trust or Living Trust should be listed as the Named Insured.
 - Any Trustees can be added as an Additional Interest on the MPL 40 endorsement form.
 - No coverage afforded for the tenant's Personal Property or Personal Liability exposures. Refer to our Homeowner **Advantage** MHO 4 program for tenant's property & liability coverages.
- **Vacant or unoccupied dwelling – Ineligible for any Personal or Commercial lines policy.**

PERSONAL LINES – GENERAL INFORMATION

SEASONAL TENANT OCCUPIED DWELLINGS

Eligible for a Combination Dwelling policy subject to the following:

- MDW 1 policy form only.
- Details will be required on the methods of winterization in place by the insured.
- We must write the primary Homeowner ***Advantage*** policy, provided it meets our underwriting criteria. Otherwise, coverage is subject to prior underwriting approval.

HURRICANE/TROPICAL STORM/NOR'EASTER - SUSPENSION OF AUTHORITY

Agency binding authority for entire State of New Jersey automatically terminates for new business and property coverage increases when a Hurricane/Tropical Storm/Nor'easter Watch or Warning has been issued for any New Jersey county. The temporary suspension of binding authority will remain in effect until such time the storm has passed beyond 100 miles of New Jersey, or has ceased to be classified as a Hurricane/Tropical Storm/Nor'easter whichever occurs first.

RENEWAL REVIEW RISK SELECTION GUIDELINES

Risks with any of the following claim activity/characteristics will be subject to renewal review by our Underwriting Department:

- Two or more claims within the prior three years.
- Claims resulting from negligence of the insured.
- A fire or water damage claim paid or reserved in excess of \$25,000.
- A liability claim within the prior three years.
- Notice of any adverse conditions which increase exposure to loss.

Underwriting Renewal action will result from a comprehensive review of risk characteristics including, but not limited to:

- Nature of the Claim.
- Account Loss History.
- Individual Risk Characteristics (i.e. condition of home).
- Severity of Claim.
- Longevity of the account.

Underwriting Action may include adjustment in policy terms and conditions including but not limited to cancellation or non-renewal of coverage subject to the cancellation/non-renewal time frames and reasons outlined in Personal Lines Cancellation/Non-Renewal section of this guide.

HOMEOWNER ADVANTAGE PROGRAMS

All Farmers of Salem’s Homeowner *Advantage* programs utilize MSO rates and forms.

BINDING AUTHORITY

Section I Property Limits

★ MHO 3 - Primary or Secondary Residence	\$130,000 to \$1,000,000
★ MHO 4 - Tenant Homeowner	\$25,000 to \$150,000
★ MHO 6 - Condominium Unit Owner	\$75,000 to \$250,000
★ MPL 15 - Scheduled Jewelry Item	\$1 to \$25,000
★ MPL 15 - Scheduled Fine Arts Item	\$1 to \$50,000
★ Minimum Deductible on all MHO forms	\$500

Requests for coverage limits outside of the limit ranges shown above must be referred to your underwriter prior to binding the risk.

Section II Liability Limits

- ★ Coverage E - Personal Liability (MPL 01) or Premises Liability (MPL 03)
Our minimum limit is \$300,000 with increased limits of \$500,000 or \$1,000,000 available.
- ★ Coverage F - Medical payments
Our minimum limit is \$2,000 with increased limits of \$3,000 or \$5,000 available.

Higher Liability limits may be obtained through a Personal Umbrella endorsement. See our Personal Umbrella section for eligibility and details.

ELIGIBILITY FOR ADVANTAGE PROGRAMS

Age - Dwellings constructed 1920 or later.

- For dwellings over 30 years old, eligibility is subject to the following updates:

<u>System</u>	<u>Updated in the last:</u>
Heating	25 years
Pitched Roof	25 years
Flat Roof	8 years
Plumbing	25 years or system must be all PVC and/or copper
Electrical	25 years or all circuit breakers with min. 100 amp service Ineligible: Knob & tube wiring, aluminum wiring, or fuses

Protection - Premises must have operating smoke detectors.

Coastal - Refer to our Coastal Restrictive Area Zip Codes list for eligibility for any dwelling in Atlantic, Cape May, Monmouth, and Ocean counties. If risk is located in a coastal restrictive area zip code that is distance restricted, please verify acceptability by using our online RiskMeter program.

Prohibited Risks - Refer to our Prohibited Risks list for unacceptable exposures.

HOMEOWNER ADVANTAGE PROGRAMS

COVERAGE FORMS

MHO 3 - PRIMARY or SECONDARY RESIDENCE

- Single or two family owner-occupied dwellings as a primary residence.
- Single family owner-occupied dwelling as a secondary residence.
- A minimum Coverage A limit of \$130,000 for dwellings in all eligible zip codes.
- The Coverage A limit should not be bound at less than the FOS Marshall Swift & Boeckh replacement cost estimate.
- Secondary residences must be used solely by the insured. Liability on secondary residences must be written with the MPL03 Premises Liability form, and cannot be extended from the insured's primary residence MHO 3 policy.
- If the insured has a secondary residence located in New Jersey written for property coverage only with another carrier, we can extend liability coverage by adding the MPL 26 endorsement to their Farmers of Salem primary residence MHO 3 or MHO 6 policy subject to a liability only inspection.

MHO 4 - TENANT HOMEOWNER

Coverage may be written with a minimum limit of \$25,000 and a minimum deductible of \$500.

MHO 6 - CONDOMINIUM UNIT OWNER

Coverage may be written with a minimum limit of \$75,000 and a \$500 minimum deductible.

The unit owner's Additions and Alterations limit (Coverage A) as well as their Personal Contents limit (Coverage C) will be shown on the Declarations page as a **total** Coverage C limit rather than a separate Coverage A and Coverage C limit. Loss Assessment coverage is included at a minimum limit of \$5,000. This coverage may be increased at an additional premium by adding the MPL 44 Increased Special Limits endorsement.

****Please note** - We strongly suggest that you, as the agent, secure a copy of the agreement between the Condominium Association and the condominium unit owner for your file. This agreement will be invaluable in establishing the proper insurance value for the unit owner's Additions and Alterations as well as Personal Contents.

A tenant-occupied condominium unit rented to others is eligible for our MHO 6 program with the MHO 45 Rented to Others endorsement. However, any condo unit owned by a corporate, LLC or partnership business entity is not eligible for an MHO 6 policy. Refer to your Commercial Underwriting Guidelines.

COMBINATION DWELLING PROGRAMS

All Farmers of Salem's Combination Dwelling programs utilize MSO rates and forms.

BINDING AUTHORITY

Section I Property Limits

- | | |
|--|------------------------|
| ★ MDW 1, 2 or 3 – Coverage A | \$175,000 to \$850,000 |
| ★ MDW 1, 2 or 3 – Coverage C (if applicable) | Minimum \$15,000 |
| ★ Owner Occupied Combination Dwelling only: | |
| ○ MPL 15 - Scheduled Jewelry Item | \$1 to \$25,000 |
| ○ MPL 15 - Scheduled Fine Arts Item | \$1 to \$50,000 |
| ★ Minimum Deductible on all MDW forms | \$1,000 |

Requests for coverage limits outside of the limit ranges shown above must be referred to your underwriter prior to binding the risk.

Section II Liability Limits

- ★ Coverage E - Personal Liability (MPL 01) or Premises Liability (MPL 03)
Our minimum limit is \$300,000 with increased limits of \$500,000 or \$1,000,000 available.
- ★ Coverage F - Medical payments
Our minimum limit is \$2,000 on with increased limits of \$3,000 or \$5,000 available.

Higher Personal Liability limits may be obtained through a Personal Umbrella endorsement if the dwelling is owner-occupied. See our Personal Umbrella section for eligibility and details.

ELIGIBLE DWELLINGS

- 1 to 4 family Owner Occupied
- 1 to 4 family Tenant Occupied
- Stand alone Combination Dwelling risks

INELIGIBLE DWELLINGS

- Any dwelling built before 1920.
- Row home or townhome that is part of a group of more than 3 units.
- Boarding houses or rooming houses.
- Student housing.
- Converted dwellings including but not limited to the following:
 - One family risk converted to a two or more family risk.
 - Commercial risk converted to habitational use.
 - Risk with basement apartment(s) without two means of egress.
- An absentee landlord residing outside of the State of New Jersey or Maryland - Refer to your Commercial Lines underwriter for consideration.
- Tenant-occupied Condominium units (seasonal or year round) – Refer to our Homeowner **Advantage** MHO 6 program.
- Any dwelling in excess of two stories without an exterior metal fire escape.
- Any dwelling with active or abandoned underground fuel oil storage tanks.
- Vacant or unoccupied dwelling.

COMBINATION DWELLING PROGRAMS

COVERAGE FORMS

Property Forms

MDW 1 Basic
MDW 2 Broad
MDW 3 Special

Liability Forms

MDL 1 - Premises Liability

Eligible for:

- Tenant occupied risk deeded in individual name(s).
- Tenant occupied risk deeded in commercial entity name.
- Owner occupied risk deeded in commercial entity name.
 - ★ A Homeowner **Advantage** MHO 4 policy should be written in conjunction with the CD policy for the individual owner's Personal Property & Personal Liability coverages.
- Available only for owner occupied risk deeded in individual name(s).

MDL 2 – Personal Liability

All Coverage forms offered are at the discretion of the Underwriter taking into consideration the age of dwelling, construction, number of tenants, and nature of occupancy.

Coverage may be written on a 100% Replacement Cost basis, or on an Actual Cash Value basis. The MPL 12 Extended Replacement Cost form is not available on those policies that are written on an ACV basis.

ELIGIBILITY FOR COMBINATION DWELLING PROGRAMS

Age - Dwellings constructed 1920 or later.

Systems Upgrade Requirements:

<u>System</u>	<u>Updated in the last:</u>
Heating	25 years
Pitched Roof	25 years
Flat Roof	8 years
Plumbing	25 years or system must be all PVC and/or copper
Electrical	25 years or all circuit breakers with min. 100 amp service Ineligible: Knob & tube wiring, aluminum wiring, or fuses

Protection - Premises must have operating smoke detectors.

Coastal - Refer to our Coastal Restrictive Area Zip Codes list for eligibility for any dwelling in Atlantic, Cape May, Monmouth, and Ocean counties. If risk is located in a coastal restrictive area zip code that is distance restricted, please verify acceptability by using our online RiskMeter program.

Prohibited Risks - Refer to our Prohibited Risks list for unacceptable exposures.

PERSONAL LINES - ENDORSEMENTS

HOMEOWNERS COVERAGE ENHANCEMENT -SAL 01 / SAL 02

This coverage is available in all of the Homeowner *Advantage* programs.

SAL 01 contains Coverage C Special Limits and Supplemental Coverage limits that replace those found on the applicable Homeowners coverage form. Also, there are revised and new Additional Supplemental coverages provided which include Sewer/Septic Backup and Sump Pump Failure. The Sewer/Septic Backup maximum limit payable per occurrence for all covered property is \$10,000 on the SAL 01.

SAL 02 is available for the MHO 3 and MHO 6 programs only. SAL 02 provides for an increased limit to \$20,000 for the Sewer/Septic Backup coverage and must be written in combination with the SAL 01 form.

HURRICANE PERCENTAGE DEDUCTIBLE – SAL 22

This deductible was implemented as part of our ongoing effort to manage our catastrophic loss exposures.

New Business & Renewals

- **Tier I zip code:** 5% mandatory deductible – 8% discount off the base premium –
 - cannot be deleted.

- **Tier II zip code:** 3% mandatory deductible – 4% discount off the base premium –
 - cannot be deleted but,
 - deductible can be increased to 5% for additional 4% discount off the base premium.

- **Tier III zip code:** 2% optional deductible – 3% discount off the base premium –
 - can be removed at time of new business application.
 - can be removed from, or added to, the policy by endorsement after inception or at renewal.
 - deductible can be increased to 3% for additional 1% discount off the base premium.
 - deductible can be increased to 5% for additional 5% discount off the base premium.

We require a signed SAL 05 Hurricane Deductible Waiver form that is included with the new or renewal policy to remove the 2% optional Hurricane Percentage Deductible-SAL 22 form by endorsement after inception or at renewal. The waiver guidelines are as follows:

- **If we receive the SAL 05 Hurricane Deductible Waiver form within 60 days after the inception date or renewal effective date** – policy will be endorsed to remove the 2% Hurricane Deductible effective the inception date or the renewal effective date.
- **If we receive the SAL 05 Hurricane Deductible Waiver form after 60 days from the inception date or renewal effective date** – policy will be pended and deletion of the optional 2% Hurricane Deductible will not be completed and made effective until the new renewal effective date. Your agency will be notified in writing if this is the case.

EQUIPMENT BREAKDOWN ENHANCEMENT – MPL 720

This enhancement coverage is only available in the Homeowner *Advantage* MHO 3 or MHO 6 programs.

- This optional endorsement provides a \$50,000 per occurrence limit with a \$500 deductible.
- Coverage is subject to a minimum premium of \$25 and a maximum premium of \$50.
- Please refer to our website at www.farmersofsaalem.com for more information about this valuable coverage.

PERSONAL LINES - ENDORSEMENTS

EXTENDED REPLACEMENT COST COVERAGE - MPL12

Extended replacement cost coverage is available in the Homeowner **Advantage** MHO 3 & MHO 6 programs, and in the Combination Dwelling programs. This endorsement provides an additional limited amount of insurance when the total amount of loss exceeds the limits of liability stated in the Declarations. 25% is applied to the limits for Coverage A, B & D in accordance with the provisions of MPL 12 endorsement form.

- Combination Dwelling policies only may be written on a 100% replacement cost basis, or on an Actual Cash Value basis. The MPL 12 endorsement is not available on those CD policies that are written on an ACV basis.
- Note: The MPL 12 endorsement is not available if the construction type is architecturally unique presenting difficulty in replacing with like kind and quality.

DWELLING UNDER CONSTRUCTION (BUILDERS RISK COVERAGE) – MPL 13

Farmers of Salem MUST be the primary Homeowner carrier for the existing home.

A dwelling under NEW construction that will be completed within a 12 month time frame is eligible for a Homeowner **Advantage** MHO 3 utilizing the MPL 03 Premises Liability form only with the addition of the MPL 13 Dwelling Under Construction endorsement form.

When Farmers of Salem is not writing the primary residence MHO 3, MHO 4 or MHO 6 policy, we can offer a Commercial Builders Risk policy for the property, and a General Liability policy with the MCL 030 Basic Liability form with an Owners Contractors Protective that has been secured by the owner with the Builder or General Contractor.

A dwelling under construction with expected completion date beyond 12 months, nor any dwelling undergoing structural renovations, is NOT eligible and should be referred to Underwriting for Commercial coverage.

SCHEDULED PROPERTY (Jewelry, Fine Arts, Etc.) – MPL 15

Coverage for scheduled property is available in all Homeowner **Advantage** programs, and in the owner-occupied Combination Dwelling program.

- The agent's maximum binding authority is \$25,000 for any one scheduled Jewelry item and \$50,000 for any one Fine Arts item. Higher values must be referred to your underwriter for approval.
- The maximum limit for the total MPL 15 schedule of all items can be no more than 50% of the Coverage C limit.
- Appraisals are needed on each scheduled Jewelry item valued in excess of \$5,000. The appraisal must be dated within 3 years at the time coverage is requested. Jewelry appraisals must be from the USA or its territories. We require appraisals on any scheduled Fine Arts item with a detailed description of each item and its insurable value. Updated appraisals may be required every 5 years.

PERSONAL LINES - ENDORSEMENTS

WATERCRAFT – MPL 19 or 20

Watercraft are automatically covered under the Homeowner policy for Liability if less than 26 feet in length and with 25 H.P. or less outboard motor.

The maximum size outboard motor we will write is 100 H.P. The maximum size inboard/outboard motor we will write is 150 H.P.

Your underwriter may need the following information to evaluate the Watercraft exposure:

- Names and ages of each operator.
- Drivers License Numbers or MVR on each operator.
- Details on waterways where watercraft is navigated.
- Use of watercraft (i.e. general pleasure use, fishing, water skiing, etc.).
- Information on any Boating Safety courses completed (i.e. Coast Guard Auxiliary, Power Squadron, etc.).
- Boats in excess of 10 years old will require a certification from a marina on the boat's condition.

Please note: Jet Skis, Waverunners, Sea Doo's or similar water craft are not eligible for our Watercraft coverage.

LIABILITY ON 1 to 4 FAMILY RENTAL PROPERTY – MPL 52

This type of liability may be extended from our Homeowner **Advantage** primary MHO 3, MHO 4, or MHO 6 policy to another carrier's Personal Lines policy having property coverage only by addition of the MPL 52 Incidental Business Coverage endorsement subject to the following:

- No dwellings in excess of two stories in height.
- No basement occupancies unless separate egress is present for this occupancy.
- No active or abandoned underground fuel oil storage tanks.
- Only available on properties located in New Jersey or Maryland.

PERSONAL INJURY COVERAGE – MPL 55

Personal injury coverage is only available on the primary Homeowner **Advantage** MHO 3, MHO 4 or MHO 6 policy, or an owner-occupied Combination Dwelling policy with the addition of the MPL 55 Personal Injury endorsement. Eligibility is subject to underwriting approval which will include in part, an analysis of increased exposures based on the insured's occupation and prior history.

PERSONAL LINES - ENDORSEMENTS

HOME BUSINESS COVERAGE – MPL 38 / MPL 39

Coverage is only available in our Homeowner **Advantage** MHO 3 or MHO6 program. To qualify for addition of the MPL 38 & MPL 39 endorsements, you must also add the MPL 47 Replacement Cost on Contents & the MPL 18 Coverage C Extended Causes of Loss endorsements.

The MPL 38 endorsement form provides coverage for a Home Business conducted out of, or from the residence premises. The coverage is intended to provide coverage for the desktop professionals working out of a single room in their home and own business equipment such as fax machines, copiers and computers.

Products/Completed operations coverage will not be available through our Personal Lines Programs. Please contact your Underwriter for consideration through our Commercial Program.

Underwriting Requirements:

- Copy of business card or advertising brochure used for the in-home business.
- Business legal entity must be an individual. Corporations, LLC's and partnerships are not eligible for the MPL 38 Home Business coverage. However, they may be considered in one of our Commercial Lines products. Contact your Commercial Underwriter for more information.
- Businesses operated in the household by a resident under the age of 21 are not eligible for this program.

Classifications - Eligible Classes

- Accounting Service/Tax Service/Financial Planning
- Appraisers
- Bookkeeping Services
- Cosmetic Sales-major national distributors only
- Crafts/Gifts/Baskets
- Desktop Publishing Services
- Financial Planning - no professional liability
- Floral Arrangement
- Graphic Arts
- Interior Decorating
- Jewelry (Costume)
- Kitchen Supplies
- Ladies/Men's/Children's Clothing
- Leather Goods
- Music Instruction
- Notary Services
- Office-General excluding Medical and Legal Professions
- Proofreaders
- Resume Services
- Sales – excluding Manufacturer Representatives
- Secretarial Services/Court Stenographers
- Service – no work conducted on residence premises
- Stationary and Paper
- Tailoring, Alterations & Seamstresses
- Teachers and Tutors
- Translation Services
- Travel Agents
- Watch and Clock Repair
- Wedding/Event Planning
- Word Processing/Transcribers

Classifications - Ineligible Classes

- Beauty Parlor/Barber Shop
- Candle Makers
- Child Care
- Computer Consultants/Repair
- Contractors
- Freight Forwarders/Handlers
- Fuel Brokers
- Internet Service Providers
- Manufacturer Representatives
- Musical Instrument Sales/Repair
- Photographers
- Shopping Services
- Web Page Designer

Please note that these lists are not all inclusive. Contact your underwriter in order to discuss classification eligibility for other similar classes

PERSONAL LINES ENDORSEMENT

HOME BUSINESS COVERAGE – MPL 38/MPL 39 (continued)

General Information for the MPL 39 Home Business Coverage Supplemental Schedule

- Additional Insured/Additional Interest
- The following types of Additional Insured requests are acceptable:
 - Lessor of Equipment
 - Grantor of Franchise
- Home Business Personal Property limits in excess of \$100,000 are NOT eligible for our Personal Lines programs.
- Home Business Income limits in excess of \$100,000 are NOT eligible for our Personal Lines programs.
- Please contact your Commercial Lines underwriter on those risks outside our Personal Lines Home Business eligibility for consideration in one of our Commercial Lines programs.

WATER BACK UP FROM SEWER OR DRAINS COVERAGE – MPL 61

This coverage is only available in our Combination Dwelling programs. Coverage may be added for a \$5,000 limit. No increased limits are available.

- For Water Back Up coverage for our Homeowner **Advantage** programs, see SAL 01.

EARTHQUAKE COVERAGE – MPL 89

This coverage is available in all of our Homeowner **Advantage** and Combination Dwelling programs by additional of the MPL 89 Earthquake endorsement.

- **Coverage may not be bound within 72 hours of any earthquake, land shock waves or tremors.**

Earthquake Damage Availability Act N.J.S.A 17:36-5.38 to 5.41 states New Jersey Earthquake Insurance Availability Policyholder Notice must be given to the insured during the completion of application and again with the issuance of new business and renewal by the company to inform the applicant and insured of the availability of an earthquake endorsement.

FUEL OIL LIMITATIONS-LIABILITY - MPL 127

This endorsement provides limited third-party coverage for injury arising out of fuel oil. It is available for risks with an above ground, or basement fuel oil tank in our Homeowner **Advantage** MHO 3 or MHO 6 program, or our Combination Dwelling programs.

- **This coverage is only available at inception, or by endorsement to the new business policy within 60 days of the inception date of the policy.**

PERSONAL UMBRELLA PROGRAM

Coverage is available by addition of the MPL 180 Personal Umbrella endorsement to our Homeowner **Advantage** primary residence MHO 3, MHO 4, or owner-occupied MHO 6 policy, and is available for an owner-occupied Combination Dwelling policy.

Coverage is not available as a stand-alone Personal Umbrella policy.

Personal Umbrella coverage may be quoted using our SCIPs rating program by selecting the MPL 180 form under the Optional Coverages section while rating one of our Personal Lines products.

BINDING AUTHORITY

Please Note: Agents have **NO** binding authority on Personal Umbrella coverage. Binding of coverage must be confirmed through our Underwriting Department.

UMBRELLA LIMITS OF LIABILITY

A minimum \$1,000,000 limit to a maximum of \$5,000,000 limit is available.

APPLICATION REQUIREMENTS

- Fully completed ACORD 83 Personal Umbrella application signed by the insured and producer. Application is required:
 - At time of initial submission.
 - On every third year renewal.
 - On every renewal if limit is \$5,000,000, or any coverage is Excluded on the current Personal Umbrella.
 - With any endorsement request to increase umbrella liability limits
 - With any Broker of Record letter.
- Copy of current Personal Auto Declaration page documenting the underlying coverage is required with each application.
- Copy of any other underlying policy declaration page for which you are applying for coverage under the Personal Umbrella.

PRIMARY REQUIREMENTS

- Minimum underlying Personal Liability requirement is \$300,000 for any Homeowner **Advantage**, Combination Dwelling, and Watercraft policy.
- Minimum underlying Personal Automobile requirements:
 - \$300,000 Combined Single Limit, or
 - \$250,000 per person, \$500,000 per occurrence Bodily Injury limits, and \$100,000 per occurrence Property Damage limit.
- A minimum underlying Automobile Liability limit of \$500,000 Combined Single Limit is required in households with youthful operators age 25 or under.
- The primary carrier(s) of all underlying coverages must have an A.M. Best rating of B+ or higher.

PERSONAL UMBRELLA PROGRAM

INELIGIBLE EXPOSURES

- Any occupation placing the insured(s) in the public eye.
- Uninsured and Underinsured motorist coverage.
- Recreational Vehicles (i.e. ATV's, Trail Bikes, Snowmobiles, Dune Buggies).
- Watercraft with outboard motors in excess of 100 H.P. or inboard/outboard motor in excess of 150 H.P.
- Water jet-propelled vessels (i.e. jet skis, wave runners and Sea Doo's etc.).
- Any risk with prior a Personal Liability loss of \$5,000 or more, either paid or reserved, or any pending lawsuit, within the previous five years.
- Insured risk with greater than 8 rental units.
- Any rental unit insured on a Commercial form.
- Home Day Care exposures.
- Bed and Breakfast exposures.
- Any risk in which the underlying policy contains restrictive endorsements or exclusions that would cause the Personal Umbrella policy to drop down to provide primary coverage.
- Trampolines with or without safety nets.
- Risks with unfenced pools, or pools with a slide.

INELIGIBLE DRIVERS

- Automobile drivers with two or more moving violations or at-fault accidents in the prior three-year period.
- Youthful driver under the age of 25 with one (1) moving violation or at fault accident.
- Any major violation in the prior 5 years including any convictions for reckless driving or driving under the influence.
- Out of state drivers' license.
- International drivers' license or on a Visa.
- License suspension or revocation in the prior five years.

INELIGIBLE VEHICLES

- Sport or high performance.
- Out of state registration.
- Vehicles used for racing, stunt or demolition.

PERSONAL LINES - PROHIBITED RISKS

A risk with one or more of the following characteristics may not be bound by the agent. If you consider your risk to be the exception to this rule, binding coverage must be authorized by a Company Underwriter.

1. Total of three (3) or more losses in the prior three (3) years.
2. Canceled, non-renewed or declined by Farmers of Salem or any other carrier for any reason.
3. A lapse in coverage between the prior carrier's expiration date and the requested effective date.
4. Brokered Business.
5. An out-of-state exposure. Farmers of Salem is licensed to do business in New Jersey and Maryland only.
6. An absentee landlord residing outside of the State of New Jersey.
7. Vacant or unoccupied risk.
8. An aggressive dog(s) or a dog with a biting history. Aggressive dogs may be defined as any dog that has a biting history or exhibits an aggressive behavior. The following breeds are unacceptable:

- | | |
|---|---|
| <input type="checkbox"/> Akita | <input type="checkbox"/> Fila Bassileiro |
| <input type="checkbox"/> American Boston Bull Dog | <input type="checkbox"/> German Shepherd |
| <input type="checkbox"/> American Bull Dog | <input type="checkbox"/> King Corso |
| <input type="checkbox"/> American Staffordshire Terrier | <input type="checkbox"/> Mastiff |
| <input type="checkbox"/> Belgian Sheepdog | <input type="checkbox"/> Pit Bull |
| <input type="checkbox"/> Bull Mastiff | <input type="checkbox"/> Rhodesian Ridgeback |
| <input type="checkbox"/> Cane Corso (Italian Mastiff) | <input type="checkbox"/> Rottweiler |
| <input type="checkbox"/> Chow Chow | <input type="checkbox"/> Staffordshire Bull Terrier |
| <input type="checkbox"/> Doberman Pinscher | <input type="checkbox"/> Wolf or Wolf Hybrid |
| <input type="checkbox"/> Dogo Argentino | |

PLEASE NOTE: Any mix of the above breeds, or any mix of one or more of the above breeds with another acceptable breed, is considered to be unacceptable. (NO exceptions will be made)

9. Total of three (3) or more dogs, regardless of breed, is considered to be unacceptable.
10. Total of three (3) or more horses and/or boarding exposure, riding lessons, etc.
11. Any type of animal breeding and/or boarding exposure.
12. Trampoline without a safety net.

PERSONAL LINES - PROHIBITED RISKS

13. Unfenced above ground/in-ground pool.
14. Total of three (3) or more mortgagees.
15. Licensed or unlicensed day care exposure.
16. Any rental or primary residence with room rentals i.e. room being rented out to a roomer or boarder.
17. Without a central heating system.
18. Not visible from the main road, or is isolated, or has inaccessible roads.
19. A bankruptcy unless in excess of three (3) years since discharged.
20. A foreclosure history.
21. Rating Tiers 20 or higher must be submitted to underwriting for approval. An inspection may be required prior to binding.
22. Below average maintenance.
23. Constructed prior to 1920 or listed on a Historical Register.
24. Underground fuel oil storage tank.
25. Abandoned underground fuel oil storage tank.
26. Exterior Insulation Finish Systems (EIFS) used in exterior siding if greater than 25% or more than one (1) side of the dwelling. EIFS is defined as any stucco product applied to exterior frame (wood) construction.
27. Any Farm Liability exposure.
28. Entities w/ "ETAL", Etc, or Other listed as the Named Insured are not eligible for any of our Personal Lines programs.
29. Coastal Risk - See Exhibit of Coastal Restrictive Area Zip Code list.

COASTAL RESTRICTIVE AREA ZIP CODES

REVISED - Effective 11.10.2010

<u>COMPLETELY RESTRICTED</u>		<u>DISTANCE RESTRICTED</u>		
ATLANTIC COUNTY		ATLANTIC COUNTY		
08203	BRIGANTINE	08201	ABSECON	2.5 miles
08221	LINWOOD	08205	ABSECON	3 miles
08232	PLEASANTVILLE	08225	NORTHFIELD	1.25 miles
08244	SOMERS POINT	08241	PORT REPUBLIC	2 miles
08401	ATLANTIC CITY			
08402	MARGATE CITY	CAPE MAY COUNTY		
08403	LONGPORT	08230	OCEAN VIEW	2 miles
08404	ATLANTIC CITY	08210	CAPE MAY COURT HOUSE	1 mile
08405	ATLANTIC CITY	08223	MARMORA	2 miles
08406	VENTOR CITY	08242	RIO GRANDE	1 mile
		08251	VILLAS	1 mile
CAPE MAY COUNTY		MONMOUTH COUNTY		
08202	AVALON	07703	FORT MONMOUTH	1 mile
08204	CAPE MAY	07704	FAIR HAVEN	0.5 mile
08212	CAPE MAY POINT	07712	ASBURY PARK	1 mile
08226	OCEAN CITY	07716	ATLANTIC HIGHLANDS	1 mile
08243	SEA ISLE CITY	07718	BELFORD	1 mile
08247	STONE HARBOR	07719	BELMAR	0.75 miles
08248	STRATHMERE	07734	KEANSBURG	0.5 miles
08260	WILDWOOD	07735	KEYPORT	0.5 miles
		07737	LEONARDO	1 mile
07711	ALLENHURST	07739	LITTLE SILVER	0.5 miles
07715	BELMAR	07748	MIDDLETOWN	1 mile
07717	AVON BY THE SEA	07753	NEPTUNE	0.75 miles
07720	BRADLEY BEACH	07755	OAKHURST	1 mile
07723	DEAL	07758	PORT MONMOUTH	0.5 miles
07732	HIGHLANDS	07762	SPRING LAKE	1 mile
07740	LONG BRANCH	07764	WEST LONG BRANCH	1 mile
07750	MONMOUTH BEACH	08736	MANASQUAN	1 mile
07756	OCEAN GROVE	08750	SEA GIRT	1 mile
07757	OCEAN PORT			
07760	RUMSON	OCEAN COUNTY		
08730	BRIELLE	08005	BARNEGAT	2 miles
		08050	MANAHAWKIN	3 miles
		08087	TUCKERTON	2 miles
OCEAN COUNTY		08092	WEST CREEK	3 miles
08006	BARNEGAT LIGHT	08721	BAYVILLE	2 miles
08008	BEACH HAVEN	08722	BEACHWOOD	0.5 miles
08732	ISLAND HEIGHTS	08723	BRICK	1 mile
08735	LAVALLETTE	08724	BRICK	1 mile
08738	MANTOLOKING	08731	FORKED RIVER	2 miles
08739	NORMANDY BEACH	08734	LANOKA HARBOR	2 miles
08740	OCEAN GATE	08753	TOMS RIVER	1 mile
08741	PINE BEACH	08754	TOMS RIVER	1 mile
08742	POINT PLEASANT BEACH	08758	WARETOWN	2 miles
08751	SEASIDE HEIGHTS			
08752	SEASIDE PARK			

PERSONAL LINES CANCELLATION / NON-RENEWAL

CANCELLATION DURING FIRST 60 DAYS (UNDERWRITING PERIOD)

- 10 days for non-payment of premium or existence of a moral hazard including vacancy as defined in N.J.A.C. 11:1-20.2(f).
- 30 days for all other reasons.
- Reasons for cancellation are required on the notice.

CANCELLATION AFTER FIRST 60 DAYS OF COVERAGE

- 10 day Notice for non-payment of premium or existence of a moral hazard as defined in N.J.A.C. 11:1-20.2(f).
- 30 day Notice for all other reasons.
- Reasons # 3 through #14 in next section "Personal Lines Cancellation / Non-Renewal Reasons"

NON-RENEWAL

- Length of notice is no less than 30 and no more than 120 days.
- Reasons for non-renewal are required on the notice.

PERSONAL LINES CANCELLATION / NON-RENEWAL REASONS

Policies of insurance (except those having specific language in the standard policy) can only be canceled or non-renewed for any of the following reasons:

1. Non-payment of premium.
2. Existence of moral hazard, as defined in N.J.A.C. 11:1-20.2(f).
3. Material misrepresentation on the application.
4. Substantial breaches of contractual duties, conditions or warranties.
5. Increased Hazard.
6. If the insured does not comply with loss control measures that affect the insurability of the risk.
7. Fraudulent acts by the insured or the insured's representative that materially affect the nature of the risk.
8. If the insurer suffers a loss of or reduction in available insurance capacity.
9. Increase in exposure due to changes in the law.
10. If the insurer loses all or a substantial part of its reinsurance on the risk.
11. If, after a 60-day notice, the insured does not comply with local codes (such a local fire, building, etc.) with respect to any covered property.
12. If the Named Insured does not provide reasonable and necessary underwriting information.
13. If the agent is terminated. However, the insurer must inform the insured of his or her right to continue coverage.
14. Any other reason as outlined in the insurer's underwriting guidelines.