

FARMERS MUTUAL INSURANCE COMPANY
UNDERWRITING GUIDELINES
CITY FIRE PROGRAM
UNDERWRITING ITEMS OF IMPORTANCE

Farmers Mutual Insurance Company

City Fire Underwriting Guidelines

The following guidelines should be considered when offering insurance for certain types of risk.

When evaluating the acceptability of a risk, the company underwriter will be looking closely at the following:

Dwellings:

Structures originally constructed for purposes other than dwellings:

Structures which are designed for purposes other than dwellings, such as school buildings, churches, business structures, which have been converted for residential purposes, should be insured on a Basic Form (FL-1), Actual Cash Value basis only.

Prior approval is required before binding coverage on these types of risks.

Experimental Structures:

Structures which are considered as "Experimental" in design or composition should be reviewed with the underwriter prior to binding coverage. This would include:

- New or unusual building materials
- Unusual designs
- Lustrum Homes

Metal Buildings:

The company is occasionally asked to insure a metal farm or commercial building which has a portion of the building converted for dwelling purposes. The company has accepted this type of risk in the past based on the condition of the risk, the quality of the construction, and the use for the remainder of the building. The company writes these types of risk on an actual cash value basis.

Insurance to Value:

All forms will be based on actual cash value. Please refer to "General Underwriting Guidelines".

Explanation of coverage for partial losses under Coverage B and Coverage D:

The Fire policy provides that coverage is available for other structures (Coverage B) and/or Additional Living Expense or Loss of Rent (Coverage D) when the covered loss does not exceed the limit of liability for Coverage A. The policy will provide coverage for Coverage B and/or Coverage D when the Coverage A limit of liability is not exhausted by a covered loss. Payments under this provision do not increase the limit of liability for Coverage A.

The amount of coverage which is available under Coverage B and/or Coverage D is 10% of the Coverage A limit of liability as shown on the Declaration of Coverage.

Specific limits may be purchased for Coverage B and Coverage D with Broad Form policies and will be shown on the Declaration of Coverage. Specific limits for Coverage D are not available with Basic Form policies. When specific limits are purchased the limits and a premium charge will be shown on the Declaration of Coverage.

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When no limit of liability and no premium is shown on the Declaration of Coverage and when a partial loss occurs which does not exceed the limits of Coverage A, then you may apply up to 10% of the Coverage A limit of liability to be used for Coverage B and/or Coverage D. Any amount used for these coverage's will reduce the amount available under Coverage A.

When a contents only policy is purchased there is no 10% extension of coverage available for Coverage B or Coverage D. When this coverage is desired on a contents only policy it must be purchased specifically.

Maintenance and Housekeeping:

Our underwriters are concerned with the maintenance of:

Paint; Chipped paint is not acceptable;
Weathered paint that is flaking or peeling is not good.

Roof Materials: We are concerned with a risk where:

Shingles that are missing;
Shingles that are old and weathered;
Flat roofs

Porch steps and handrails need to be solid and in good repair;
Un-repaired or pre-existing damage should be excluded from coverage.

Debris on or around the premises should be avoided;

Risks should exhibit Pride of Ownership in the general appearance of the property to include the yard, trees, and shrubs.

Occupancy:

Owner Occupied: Our underwriters prefer Owner Occupied Property;

Tenant occupied:

Tenant occupied property (rental dwellings) is acceptable when all underwriting criteria is met.

Vacant/Unoccupied/Seasonal/Secondary property is as described below and should be considered when all underwriting criteria is met.

We prefer that rental property be well maintained.

We believe that if we are asked to insure the rental houses we should also insure the home of the owner of the rental property if suitable for coverage with FMI.

Vacant/Unoccupied/Seasonal/Secondary:

We will insure Vacant or Unoccupied property under the following guidelines:

- We believe that for owner occupancy to occur the property must be utilized as a primary residence of the insured.
- Should the property not be utilized as a primary residence, we believe the surcharge for unoccupied should be applied.
- In the event that the property is not occupied for a continuous period of 30 days or more during any one year the property shall be considered and rated as seasonal, even if it is the primary residence of the insured.
- Vacant/Unoccupied/Seasonal/Secondary dwellings should be insured under the basic form with seasonal/vacancy surcharge.
- Vacant/Unoccupied/Seasonal/Secondary/ property should be insured with a Basic Form (FL-1).
- Vacant/Unoccupied property should be insured with a minimum \$1,000 deductible.
- Dwellings with overgrowth of weeds, lawns, and shrubs that give the obvious appearance of being vacant or unoccupied should be avoided. We consider these types of dwellings to be an open invitation for problems.

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Modular Homes

The company will allow modular homes to be insured in the city fire program.

A modular home is considered to be a structure designed for living which is manufactured at one location and moved to another permanent location. It will not have its own axle and wheel structure and is not intended to be moved once it has been set at a permanent location.

A Manufactured Home will not normally be classified as a modular home. A Manufactured Home is constructed with a metal frame undercarriage which is a permanent part of the structure. As a general "rule of thumb" any manufactured structure with a metal frame undercarriage should not be insured in the Homeowner program.

The structure should conform to the following:

Built to conform with B.O.C.A., F.H.A., V.A., and local codes

2x8 or larger floor joist on 16" centers

2x4 or larger interior wall studs on 16" centers

2x6 or larger ceiling joists and rafters on 16" centers

Outside wall construction should consist of exterior siding, sheathing, studs, insulation between studs, interior finish of dry wall or plaster;

Floor construction should consist of floor joists, sub-floor (usually two layers) finished floor or rough finish for carpet or other final floor surface;

Pitched composition (or other approved) roofing material with a minimum 3/12 pitch;

Approved siding;

Must be at least 24 feet wide set on an approved foundation.

Submit for prior approval.

Mobile Homes:

Tie downs must meet or exceed the acceptable requirements of the Director of Architectural Services of the Kansas Department of Administration.

Mobile homes thirty-two (32) feet in length and not more than fifty (50) feet in length shall have three (3) frame tie downs on each side or three (3) over the top tie downs.

Mobile homes more than fifty (50) feet in length and not more than seventy (70) feet in length shall have four (4) frame tie downs on each side or four (4) over the top tie downs.

Mobile homes in excess of seventy (70) feet in length shall have five (5) over the top and five (5) tie downs from the frame.

Tie downs must be secure before binding coverage on the mobile home.

Mobile Home skirting must be installed within thirty (30) days after binding coverage.

Location:

We are extremely concerned with the concentration of mobile homes in a close area. In a mobile home lot we prefer to insure no more than 10% of the total mobile homes in the park.

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Non Residential Mobile Homes:

We discourage insuring Mobile Homes used for purposes other than as a single family residence. Prior approval of the company underwriter must be obtained before a Mobile Home used for purposes other than as a single family residence and in such cases, if approval is granted, the Mobile Home must be rated as unoccupied.

Mobile Homes on a separate lot in a city shall be rated according to the occupancy of each.

Additions to a Mobile Home:

Porches and additions to mobile homes shall be added to the value of the Mobile Home for premium calculations. They should be listed and described separately on the Property Information and/or Remarks section of the application.

Photographs and dimensions of porches and additions must be provided.

Physical Condition:

The physical condition and appearance of the Mobile Home are a factor of concern for the company underwriter.

Mobile Homes over 11 years old:

Mobile Homes are automatically reclassified once they become eleven years old for premium rating.

Travel Trailers or Campers:

Absolutely no Travel Trailers or Campers with or without wheels or tie downs are allowed.

Double Wide Mobile Homes:

Double Wide Mobile Homes meeting manual requirements for being rated as dwellings but which were manufactured prior to 1990 should only be insured on a Basic Form (FL-1) basis. Exceptions may be considered on a case by case basis where extensive remodeling has occurred to the mobile home. Extensive remodeling should include plumbing, electrical and interior walls.

Double wide mobile homes that meet manual requirements for being rated as a dwelling and which were manufactured after 1990 may be insured for all coverage available to other qualified dwellings.

Mobile Home Contents Coverage:

As a general rule mobile home contents should not exceed two times the value of the mobile home. Exceptions may be considered with appropriate documentation on a case by case basis.

Renters Policy:

When a Renters policy is written on personal property located in a double wide mobile home that would otherwise qualify for a Broad form as described in the manual, then the coverage for the personal property may be determined by the quality of the structure where the personal property is located.

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Dwellings Under Construction:

In order to qualify for the credit provided for Dwellings Under Construction, the dwelling must be insured for the value of the dwelling upon completion. This credit will only apply to structures starting from the ground up (new construction).. Remodeling a dwelling does not qualify for the Dwelling Under Construction credit.

The dwelling will qualify for the dwelling under construction credit for a maximum twelve (12) months. If it is not occupied after 12 months, the vacancy charge will be made.

Twin Homes:

Twin homes are considered to be a duplex or other multiple residence structures with each residence having a separate owner.

As a general rule, the company does not feel comfortable insuring these types of dwellings because of the issues involved with separate ownership and separate insurance.

Structures with single ownership where the owner lives in one residence and the other residence(s) are rented may be considered when the entire structure is insured with Farmers Mutual.

Coverage for these types of structures should not be bound without prior approval from the company underwriter.

Outdoor Wood Stoves:

Outdoor wood burning stoves which provide heat to the residence and are connected to the residence via heat ducts etc are permitted and are subject to the Solid Fuel Heating surcharge.

Outdoor stoves should be commercially manufactured and installed according to the manufacturer's specifications. Special attention should be made to the following:

- Properly installed and maintained;

- There should be adequate insulation around duct work entering the structure;

- The distance between the dwelling and the heating unit should be at least 36 inches;

- A safe distance between the storage of fuel and the hottest portion of the heating unit;

- The entrance into the dwelling should be adequately protected with fire resistant materials.

Homemade Stoves:

Homemade stoves of any type are NOT ACCEPTABLE in Coverage A residence.

Homemade units in a detached garage or outbuilding are discouraged but may be considered on a case by case basis. Contact the company underwriter prior to binding the risk.

Stoves which are allowed will be subject to the Solid Fuel Heating Surcharge.

Fireplace Inserts:

Fireplace inserts do not require a solid fuel heating surcharge provided they are installed in the fireplace according to the manufacturer's specification.

Fireplace inserts used as free standing heating units are not permitted.

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Propane Fuel Storage Units:

Coverage should not be bound on structures located within the City Limits unless the propane storage unit has been approved by the fire department;

Propane units of 500 gallons or less which are located outside of an incorporated city limits must be a minimum of ten (10) feet from any building or property line.

Propane units of 500 gallons or more which are located outside of an incorporated city limit must be a minimum of twenty five (25) feet from any building or property line.

Propane units should not be placed under power lines.

Restrictive Endorsements:

Occasionally a risk may be acceptable were it not for a problem with chipped paint or a roof which is in need of repair. Please submit Restrictive Endorsement with these risks.

Restrictive Endorsements must be signed and submitted to the company within thirty (30) days of the effective date of the endorsement. It is extremely important that all Restrictive Endorsements be submitted with the application.

Restrictive Endorsements are not to be used in all cases. Some risks are just not acceptable.

In most cases the wording on the Restrictive Endorsement will be such as to allow the endorsement to run concurrently with the renewal of the policy.

Restrictive Endorsements should be reviewed annually. If the condition(s) creating the requirement for the use of the Restrictive Endorsement has been eliminated or corrected, the company should be notified with verification and the endorsement will be removed.

When a policy has a Restrictive Endorsement and the policy is rewritten it is required that a new Restrictive Endorsement be obtained and signed by the insured.

Personal Property:

The policy provides Special Limits of Liability for specific Coverage C items. We will increase some items for an additional premium; other items may not be increased. Below is a list of the items for which Special Limits are provided. To the right of the item we show the Special Limit and whether or not the limit may be increased.

Item	Policy Limit	May Be Increased
Money, Bank Notes, Etc	\$100	Yes
Securities, Commercial Paper, Stamps	\$500	Yes
Jewelry, Watches, Furs, etc	\$500	Yes
Silverware, Gold ware, etc.	\$100	Yes
Motorized vehicles to service premises	\$1,000	Yes
Gun & Gun Accessories	\$500	No
Watercraft incl. trailers, equipment etc	\$500	No
Business Property	\$500	Yes
Dismounted Campers & Trailers	\$500	No

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When insuring Personal Property only which is located in a multi-family complex use the rates for 3-4 Family.

When insuring Personal Property which is located in a dwelling owned by our insured but rented to someone other than the insured we require the following:

An inventory of the property insured;

No theft or V&MM coverage may be written without prior approval by the company underwriter;

Note: The policy form FL-20 provides coverage under Coverage A for carpeting, stoves, refrigerators, or appliances when located in the part of the dwelling rented to others. In tenant occupied dwellings it is not necessary to include these types of items in the inventory.

When insuring Personal Property Only:

If the dwelling would qualify for a FL1 or FL 2, the Personal Property may be written using the FL 1 or FL2 as is appropriate;

Photographs of the dwelling or structure where the personal property is located should be provided with the application;

Personal Property in a double wide mobile home which qualifies for a Basic Form (FL-1) or Broad Form (FL-2) may be insured for the peril form for which the structure qualifies. Please complete the property information section of the application to certify the qualifications of the structure.

College students: The Company does not wish to specifically insure the personal property of college students while living in college dormitories or other college housing. An exception may be considered with supporting coverage. Coverage may be available under the policy of the student's parents for personal property off premises.

Military personnel: The Company does not wish to specifically insure the personal property of military personnel while living in a barrack or other dormitory type housing unit. The company will consider on an individual basis the risk for personal property of military personnel living in military housing on a military facility. Underwriting photographs are required for this type of risk.

Personal Property Limits of Liability:

As a general guideline, when a personal property limit greater than the dwelling limit is desired, an inventory of the contents will be required.

Contact your underwriter prior to binding coverage.

Personal Property in Storage:

Personal Property in Storage should be written for Basic Form (FL-1) fire and extended coverage only.

Vandalism and Theft coverage may be added when the storage unit is located within a fenced and secured commercial storage facility.

For commercial multiple storage units, use the 3-4 family, tenant occupied rate table.

For a single storage facility, use the 1-2 family, tenant occupied rate table. These types of facilities must be locked. Theft coverage is discouraged.

The company will require a photograph of the storage facility.

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Swimming Pools, Hot Tubs, and Accessories:

An above ground swimming pool or hot tub that may be moved from place to place should be rated as Coverage C.

An in-ground swimming pool or hot tub should be rated as a Coverage B.

Physical Condition of Risk

The company prefers that all previous damage must be repaired. Evidence of repair is required upon submission of applications. In some instances the company underwriter may authorize the use of a Restrictive Endorsement (FMI 10) where the repairs have been started or a contract for repairs has been entered into by the applicant. In these instances the repairs must be completed or an adequate explanation must be provided, before the restrictive endorsement is removed.

The company underwriter will evaluate the risk photographs or any inspection reports with consideration given to the following:

Paint

No chipping of paint
No unrepaired prior damage

Roof

ALL ROOFS WILL BE BASED ON ACTUAL CASH VALUE (ACV).

Composition shingles

Roofs over 20 years old should be excluded by a restrictive endorsement along with exclusion to interior water damage on broad form policy (FL2)

Subject to underwriting approval.

Wood Shingles/Shakes

Roofs over 25 years old should be excluded by a restrictive endorsement along with exclusion to interior water damage.

Metal roofs

As a general rule the company will accept metal roofs that have a minimum rating of 26 gauge metal and are of materials and construction designed and intended for residential installation. The applicant should provide verification in the form of a manufacturer's documentation or written statement signed by the applicant certifying the metal roof material.

Roofs NOT eligible: Flat roof/tar & gravel, rubber, deca, copper, slate, tile, & concrete.

Specific consideration may be given with written approval of the company underwriter.

All other roofing material must be submitted to the company underwriter for approval prior to binding.

A limited roofing coverage endorsement (or restrictive endorsement) will be applied to all dwellings with wood, shake, metal, tile, or other "non-standard" roofing materials. This endorsement will state clearly that no more than the cost to replace the roofing with composition shingles of standard quality will be paid in the event of loss and that no decking coverage is provided unless the roof previously had completed decking that was also damaged in the loss. This endorsement must be signed by the insured.

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Heating Systems:

As a general rule no floor furnaces will be accepted in the City Fire program when a Personal or Farm Personal Liability or Premises Only Liability endorsement is attached. An exception to this rule will be made with the completion of a restrictive endorsement excluding coverage for medical payments and liability for any injury to any person which occurs in connection with the floor furnace.

Solar Panels:

A minimum \$2,500 wind/hail deductible is required when solar panels are to be insured.

Electrical:

The company requires that electrical wiring, fixtures, and breaker boxes be updated as required by local building codes and safety practices.

The company requests that the electrical service in the risk and leading to the risk be modern and in compliance with existing electrical codes;

The company considers fuses and knob and tube wiring to be unacceptable.

Plumbing:

The company does not wish to offer insurance on dwellings utilizing the plastic plumbing commonly known as polybutalene pipe.

The company requires that the plumbing in the risk be in compliance with existing plumbing codes.

The company requires that plumbing be certified by the insured to have been installed or remodeled as required by local building codes and good safety practices

Foundations:

The company requires that the foundation of the risk be solid, complete and stable without cracks, breaks, or missing sections..

The exterior of the dwelling must be completely enclosed;

As a general rule a cinder block (as opposed to concrete block) foundation will not be acceptable;

Pier foundation supports are acceptable provided they extend a minimum of 4 feet below the ground level and are a minimum of 12 inches in diameter. Risks supported by piers must be completely enclosed on the outside of the risk. The outside enclosure may be of cinder block construction provided no support of the risk is laid on the blocks. Piers must be concrete reinforced or of other similar and approved materials.

Inspections:

The company reserves the right to conduct an inspection of the risk at any time.