

**FARMERS MUTUAL INSURANCE COMPANY**

**UNDERWRITING GUIDELINES**

**HOMEOWNER PROGRAM**

**FARMERS MUTUAL INSURANCE COMPANY  
HOMEOWNERS UNDERWRITING GUIDELINES**

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

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

**Physical Condition of Risk**

The company requires 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. The applicant should provide verification in the form of a manufacturer's documentation or written statement signed by the applicant certifying the gauge of 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.

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 an insured.

## **FARMERS MUTUAL INSURANCE COMPANY HOMEOWNERS UNDERWRITING GUIDELINES**

### **Replacement Cost Calculator/Actual Cash Value Calculation**

The agent should provide the company with an actual cash value calculation with any homeowner's application. The company recommends the most current edition of the Marshall Swift/Boeckh cost guides.

The company will provide the Marshall Swift/Boeckh actual cash value cost software calculator for the agent upon request.  
If the field underwriter does not have access to an actual cash value calculator, please contact the company underwriter for assistance.  
See "Insured Value" in General Underwriting Guidelines for calculation of Actual Cash Value and methodology.

### **Electrical requirements**

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 requires a minimum 100 amp breaker box with a maximum 40 amp single or dual breakers;  
The company requires that electrical wiring, fixtures, and breaker boxes be updated as required by local building codes and safety practice.  
The company considers fuses and knob and tube wiring to be unacceptable.

### **Plumbing requirements**

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 requirements**

The company requires that the foundation of the risk be solid, complete, and stable, without cracks, breaks, or missing sections.  
The company requires that foundations for insured risks be of concrete, mortared concrete block, mortared brick or stone.  
Cinder block foundation blocks are not 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 material.

### **Heating Systems**

As a general rule no floor furnaces or stand alone space heaters will be allowed;  
As a general rule the following types of heating systems should not be insured in the Homeowner program:

- Wall heaters;
- Steam Heat;
- Baseboard heaters;
- Floor Furnace;

As a general rule Heat Pumps are acceptable.  
Questions regarding acceptable heating systems should be reviewed with the company underwriter.

## **FARMERS MUTUAL INSURANCE COMPANY HOMEOWNERS UNDERWRITING GUIDELINES**

### **Solid Fuel Heaters - Free Standing**

The company is concerned about the conditions created by solid fuel heaters. When a solid fuel heater is located in the risk we require the following:

- Completed solid fuel heater survey form;

- Photographs of the solid fuel heater;

- The solid fuel heater should be installed by a qualified installer;

Any exceptions must be approved by the company. Ex: The solid fuel heater is inspected and approved by a fire prevention officer from the local fire department and certified as meeting installation requirements and codes.

The "Solid Fuel Heating" charge will be applied when a solid fuel heater is located in a Coverage B structure which is located within 50 feet of the Coverage A structure. The charge will be applied to the base premium.

No home made solid fuel heaters will be allowed.

Vent pipes or chimneys must be cleaned annually.

The residence must be equipped with smoke alarms.

A fire extinguisher is located near the unit.

Pellet stoves are subject to the "Solid Fuel Heating" charges.

Outdoor wood stoves which provide heat to the residence and are connected to the residence via heat ducts, or direct air designs are NOT permitted in the homeowners program.

A solid fuel heat device charge will be made on all renter's policies when the dwelling has a woodburning stove.

### **Modular Homes**

The company will allow modular homes to be insured in the homeowners 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.

## **FARMERS MUTUAL INSURANCE COMPANY HOMEOWNERS UNDERWRITING GUIDELINES**

### **Mobile Homes**

The company will not allow mobile homes, double or single wide, to be insured in the homeowners program.

A mobile home is considered to be any structure designed for living which has a metal center support structure. A mobile home may also be designed to be transported with its own wheels and axles, whether affixed or removed, which were designed to move the mobile home from one location to another.

We do not write contents in a mobile home in the homeowners program. Please refer to the dwelling fire program.

### **Experimental Homes**

Homes of unusual design or material construction should be approved by the company underwriter prior to binding.

Lunstrum homes are an example of the type of home which should not be submitted without prior approval.

### **Rented Storage Space on Premises**

When a structure on the insured premises is used to store property for others (ex. rental space to store boats or motor homes), the risk is not considered appropriate for insurance with FMI because we do not have an appropriate rate filed for the liability exposure.

### **Twin Homes:**

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

As a general rule, the company does not feel comfortable insuring these type 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. When the insured resides in one unit of a two family dwelling and the second unit is rented, the added liability exposure for the second unit will be rated using rule 5.2.C in the manual.

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

### **Computer Coverage**

No higher limits for media. Media is:

The material on which data is stored;

Example: diskettes, tapes, CDs

No higher limit rate filed.

### **Solar Panels**

The company does not allow residences with solar panels in the homeowners program. These type of risks are best suited for the City Fire or Farm Fire programs. Any exceptions to this guideline should be discussed with the underwriter.

### **Protection Credits**

The company will allow no more than two credits.

The company will require a copy of a contract or certificate. In lieu of a contract or certificate, the company will accept a copy of the invoice provided the specific service provided is described on the invoice.

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### **Ordinance and Law**

The company believes that a risk which is endorsed for the Ordinance and Law endorsement should, at the time the endorsement is added, be certified to meet the legal ordinances in the city, county, or state to which they are subject. The company requests that a certification by the city, county, or state inspector be submitted that states the risk meets the current legal codes of the appropriate legal entity. In lieu of a certification by the appropriate local inspector, the company will accept a certification by the insured that the risk meets all legal codes and that no claim will be made for ordinances that are in effect at the time of or prior to the certification by the insured.

Basically, the company wants to be affirmed that on the date the endorsement takes effect that the risk is in compliance with the legal codes in the area to which the risk is subject.

### **Green Houses or Atriums:**

When a green house is insured as a separate structure it must be insured as a Coverage B, Other Structure;

A green house constructed of glass should not be insured;

A green house constructed of plexiglass or fiberglass panels may be considered.

Other construction material should be reviewed with the company underwriter prior to binding coverage.

A green house which is attached to a dwelling should be considered as a part of Coverage A. Increase the coverage A limit accordingly. Other guidelines regarding construction outlined above would apply.

A minimum \$1,000 W/H deductible should be applied.

### **Form 4: Students**

As a general rule the company does not issue a FORM 4 Renters Policy to full time students. Prior approval from the company Underwriter is required.

The company Underwriter may find it desirable to issue a Renters policy to a full time student under the following conditions:

A student who is no longer considered an insured under another Homeowner policy.

A student considered a "Non Traditional" student. As a general rule a Non Traditional student is considered a person who has returned to college after a length of time after graduation from high school or who is returning to high school or higher education institution after being out of school for a length of time. No specific age requirement is considered, however, it would not be considered un-normal for a person to be over 25 years of age.

A student who is attending an institution of higher education for the purpose of obtaining a secondary degree or designation. This would include the student who currently holds a bachelors degree or a similar designation.

A student who's education is being paid by an employer, the GI Bill, or a similar assistance program for the benefit of person seeking retraining from a prior occupation or employment.

The company Underwriter may find it desirable to issue a Renters policy under the following conditions to a student who is not considered a full time student:

A student who is employed full time.

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**Additional Liability for rental structures**

Liability for no more than five (5) additional rental structures should be insured on the homeowners policy.

More than 5 is considered a business;

May be considered under the CF or FF program as premises only liability.

Mobile homes cannot be extended on a homeowners.

**Farm Liability**

Farm liability exposure should be considered only in regard to incidental farming.

Farming should not be the primary source of income for the insured.

**Personal Water Craft (PWC) - aka Jet Ski**

We are concerned about the increased exposure created by individual water vehicles, aka jet skis.

Coverage should not be bound on this type of exposure without prior approval of the underwriter.

**Incidental Business**

In the home that would be considered with the attachment of an endorsement could include but not limited to dance studio, office, crafts (woodworking), taxidermy and pottery. Any incidental business in the home should be discussed with the underwriter before coverage is bound.