

American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321

A.M. Best Rated A-, Excellent

NEW BUSINESS EFFECTIVE: 06/01/08
RENEWAL BUSINESS EFFECTIVE: 07/01/08



MICHIGAN DP-1 RENTAL DWELLING UNDERWRITING GUIDELINES AND RATE GUIDE

www.thehelpfulpeople.com

Grand General
Agency
800.869.2022

This manual is provided for your use as one of many decision-making tools in the acceptability of a risk. Some situations may arise that are outside the scope of this manual. In those circumstances, you should obtain as many facts about the risk as possible and contact your General Agent to discuss acceptability. This manual is not all-inclusive. Please use it as a guideline for acceptability and call your General Agent with any questions you have or risks you are uncertain about.

PROGRAM INDEX

	<u>Page</u>
PROGRAM INDEX:	1
DEFINITIONS:	1
ELIGIBILITY AND COVERAGES:	2
GENERAL INFORMATION AND PAYMENT OPTIONS:	3
DWELLING UNDERWRITING GUIDELINES:	4
DISCOUNTS / SURCHARGES:	5
DP-1 PROGRAM RATES: For one to four family dwellings which are rental in nature.	6-11
OPTIONAL COVERAGES:	12

DEFINITIONS

TERRITORIES:

Territory A

Remainder of State (All Counties except those listed in Territories B & C)

Territory B

Counties of Genessee (excluding the City of Flint) Macomb, Oakland & Saginaw

Territory C

Wayne County and the City of Flint

OCCUPANCY DEFINITIONS:

- Primary/Permanent:** Dwelling owned by the named insured and occupied by the named insured on a permanent basis. The dwelling must be occupied by the named insured for at least nine (9) months out of the year.
- Rental:** Dwelling owned by the named insured but occupied by others. The dwelling is rented to others for residential purposes.
- Seasonal/Secondary:** A dwelling that is not a primary residence of the named insured, but one that is used on an intermittent basis by the named insured.
- Townhome/Rowhome:** One dwelling of a row of dwellings sharing common walls. They differ from condominiums as an individual owns and maintains the exterior of the dwelling and owns the land where the dwelling resides.
- Vacant:** Absence of most of the furniture and other items needed for human occupancy as a dwelling.
- Unoccupied:** Dwellings without human inhabitants but contain enough furnishings or other personal property to show intent to return and occupy the dwelling.

PROTECTION CLASS:

The Protection Class listings in the ISO Public Protection Classification Manual will apply.

The Protection Class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8, 7, etc.)

In a classified area where 2 or more classifications are shown (e.g. 6/9), the classification is determined as follows:

<u>Distance To Fire Station</u>	<u>Class</u>
1. 5 road miles or less with a hydrant or ISO approved water source within 1,000 feet	*
*First protection class (e.g. 6/9 Use 6)	
2. 5 road miles or less with a hydrant or ISO approved water source beyond 1,000 feet.....	9
3. Over 5 road miles.....	10

All other properties are Protection Class 10

DWELLING CONSTRUCTION:

- Frame:** Exterior walls of wood or other combustible construction, including wood ironclad, stucco on wood or plaster on combustible supports. If frame construction is mixed with any other type, rate risk as frame.
- Masonry:** Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials, and floors and roof of combustible construction.
- Masonry Veneer:** Exterior walls of combustible construction, veneered with brick or stone. For rating purposes, Masonry Veneer should be rated as Frame.

ELIGIBILITY AND COVERAGES

ELIGIBILITY	DP-1 (ISO DP 00 01 12 02)
Market	The dwelling program is for risks that do not desire or qualify for Homeowners Coverage.
Policy Term	12 months
Minimum Value	25,000
Maximum Value	250,000
Year Built	No restrictions
Occupancy	Rental
Number of Families	1 - 4 family
Protection Class	Protection Class 1-10
Loss Settlement	Actual Cash Value
Condition of Dwelling	Dwelling must be of sound structure. The dwelling may be in need of paint or minor repair.
Wiring	Dwelling must have at least 100 amp service. No knob and tube wiring.
Plumbing	Updates are not required.
Heating	Updates are not required.
Roof	Updates are not required.
Prior Losses	Submit for approval if the applicant has had 2 or more property losses in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months.
Previous Insurance	If the applicant has had a lapse in Coverage longer than 30 days, the risk must be submitted unbound.

COVERAGES	DP-1 (ISO DP 00 01 12 02)
Other Structures	Up to 30% of Coverage A is optional.
Personal Property	Up to 20% of Coverage A is optional .
Fair Rental Value	Up to 30% of Coverage A is optional.
Radio & TV Antennas, Signs & Awning Coverage	Optional
Vandalism and Malicious Mischief	Optional
Premises Liability	Optional
Medical Payments	Optional

GENERAL INFORMATION

1. **POLICY PERIOD:** The policy will be written for a period of one year.
2. **BINDING AUTHORITY:** For coverage to begin as requested, the application must be mailed within 72 hours of the effective date of coverage. Otherwise, coverage is bound at 12:01 a.m. the day of the postmark. No coverage may be increased within 72 hours of the announcement of an impending disaster, i.e. hurricane, tropical storm, volcanic eruption, earthquake, flood, mudslide, brushfire, etc.
EARTHQUAKE: If an earthquake occurs generating a reading of 5.0 or greater on the Richter Scale, new business policies and increased coverage request on inforce business policies will be restricted on the day of the earthquake and for a 3 day period following the earthquake. Any aftershock readings of 5.0 or greater will be considered a new earthquake. The restrictions will apply for risks located within 150 miles of the epicenter.
WILDFIRE: No new policies, binders or increases in coverage will be accepted when a wildfire is within 25 miles of the dwelling.
3. **APPLICATION:** The application must be completed in full and signed.
4. **PHOTOS:** All dwellings must have 2 photos clearly showing the front and back of the dwelling attached with the application. Photos are also required of any unattached structures.
5. **MINIMUM PREMIUMS:** A Minimum Written Premium of \$150 will apply to new and renewal policies.
A Minimum Earned Premium of \$25 will apply to new and renewal policies.
6. **ENDORSEMENTS:** An endorsement that results in an additional or return premium that is less than \$5 will be waived, unless the return premium is requested by the named insured. All changes requiring adjustment of premium shall be computed prorata and based on the rates in effect on the policy effective date.
7. **VALUATION:** Dwellings must be insured for 100% of their actual cash value.
8. **WHOLE DOLLAR PREMIUM RULE:** Each coverage premium will be rounded to the nearest whole dollar. For this purpose, an amount of fifty (50) cents or more will be rounded to the next whole dollar.
9. **POLICY TRANSFER OR ASSIGNMENTS:** In the event of dwelling title transfer, the policy may not be assigned from one insured to another. However, subject to underwriting guidelines, a policy may be written for the new owner.
10. **POLICY EXCLUSIONS:** In addition to the exclusions listed in the policy, these will be added.
No Coverage for Home Day Care Business (Added if liability is present.)
Punitive Damage Exclusion (Added if liability is present.)
Hazardous Substance Liability Exclusion (Added if liability is present.)
Liability Mold Exclusion (Added if liability is present.)
Assault and Battery Exclusion (Added if liability is present.)
Sexual Molestation, Misconduct or Sexual Molestation Exclusion
11. **UNDERWRITING REPORTS:** Credit, Inspections and C.L.U.E. Property reports will be run on all risks. The results of these reports may impact the acceptability of the risk.
12. **PREMIUM CALCULATION:** The Discount percentages (Example 15%) will be totaled and the Surcharge percentages (Example -20%) will be totaled. After both criteria are totaled, the difference between the totals (Example: +15%, -20% = -5%) will be applied to the BASE PREMIUM. This is your subtotal. All other optional coverage premiums will be added to this to get the Total Premium.
Base Premium is defined as the amount of Coverage A (Dwelling), Coverage B (Other Structures), Coverage C (Personal Property), and Coverage D (Additional Living /Expense or Fair Rental Value) PLUS an increase in Coverage B, C, D or Fair Rental Value.

PAYMENT OPTIONS

If the insured desires to pay their premium on an installment basis, American Reliable Insurance Company will allow a 2-payment, 4-payment, or 8-payment option to be selected. For the 2-payment option, a 50% down payment is required, plus the policy fee with the remaining balance due on Day 160. For the 4-payment option, a 25% down payment is required, plus the policy fee with the other payments due on Day 70, Day 160, and Day 250. For the 8-payment option, a 20% down payment is required, plus the policy fee with the other payments due on Day 44, Day 88, Day 132, Day 176, Day 220, Day 264, and Day 308. Each installment will include a \$6 service charge.

DWELLING UNDERWRITING GUIDELINES

UNACCEPTABLE RISKS – DO NOT BIND, DO NOT SUBMIT

1. Applicants that have been convicted of arson or insurance fraud.
2. Dwellings with existing structural damage.
3. Dwellings that are in foreclosure.
4. Dwellings with more than 4 individual family units.
5. Dwellings with liquid fuel-powered space heaters or existence of any heat reclaiming device(s).
6. Dwellings where the **primary** source of heat is a wood/coal/pellet burning device.
7. Other structures or garages with a wood/coal/pellet burning device.
8. Dwellings that have knob and tube wiring or electrical with less than 100 amp service.
9. Dwellings or other structures used to store flammables or explosive materials.
10. Dwellings under construction or major renovation.
11. Dwellings next to any burned out or abandoned building.
12. Dwellings with a brush clearance of less than 100 feet.
13. Mobile homes, dome homes, log homes, earth homes, straw built homes or condominiums.
14. Dwellings with more than 2 lien holders. Two lien holders are acceptable if one is a financial institution.
15. Dwellings with childcare, homecare, lodging, auto repair, commercial operations or chemical processing conducted on the premises. All other business pursuits must be submitted for approval.
16. Dwellings with Exterior Insulation Finish System (EIFS) siding.
17. Dwellings that are vacant. (See **Vacant Program**)

RISKS TO BE WRITTEN WITH NO LIABILITY COVERAGE

1. Any premises with a swimming pool or spa that is not completely fenced and not in compliance with all city and/or county ordinances. The swimming pool or spa must have a fence minimum of four feet high with a self-latching gate, motorized pool cover or other comparable safety device that is securely fastened to the perimeter of the pool/spa thus rendering it inaccessible (Risk may be acceptable with Swimming Pool and Spa Exclusion attached).
2. Applicants who own, keep, or shelter any Akita, Anatolian Shepherd, Chow, Doberman, Pit Bull, Presa Canario, Rottweiler, Wolf or Wolf Hybrid, or any mix of these breeds with any other breed whether listed or not.
3. Applications who own, keep, or shelter any animal with a previous bite history or non-domestic animal.
4. Owner occupied risks in the name of a corporation.
5. Any premises with a trampoline.

SUBMIT RISKS TO GENERAL AGENT – DO NOT BIND

1. Applicants that have had 2 or more property losses (paid or unpaid) in the past 36 months or any single fire, theft, liability, or flood loss in the past 36 months. If yes, give date of loss, describe the loss and the amount paid to repair the damage.
2. Applicants that have had a homeowners/dwelling policy cancelled or non-renewed for underwriting reasons (except age of dwelling) during the past 36 months.
3. Applicants that have filed for bankruptcy in the past 36 months.
4. Applicants that have been 30 days past due on mortgage payments in the last 12 months.
5. Dwellings with no permanently installed water, electricity, and sewage utility services.
6. Applicants who are unemployed. (Retirees with guaranteed income and disabled persons with a consistent income are considered employed.)
7. Dwellings with unrepaired damage or existing non-structural damage.
8. Dwellings that have been uninsured for more than 30 days immediately prior to the requested effective date. (Does not apply to a new purchase)
9. Dwellings attached to, occupied as or converted from a commercial risk.
10. Dwellings that have an open foundation or are built on stilts, posts or piers. **Photos must be included.**
11. Dwellings equipped with a supplemental heating device that was not installed by a licensed contractor. **Photos and the Woodstove Inspection Report must be included.**
12. Dwellings with steps or porches, over 2 feet in height that do not have a railing. **Photos must be included.**
13. Dwellings with no permanently installed steps at all entrances. **Photos must be included.**
14. Dwellings within 1,500 feet of water (river, ocean, or creek) or dwellings located on an island or in a Special Flood Hazard Area.
15. Dwellings with multiple horses, livestock or farm animals on the premises.
16. Any premises with a dock, pier or boathouse. **Photos must be included.**
17. Any premises with 5 or more acres.
18. Dwellings with farming activities conducted on the premises.
19. Dwellings with business activities conducted on the premises.
20. Other Structures that exceed 30% of the insured value of the dwelling.
21. Personal Property that exceeds 20% of the insured value of the dwelling.

DP-1 PROGRAM - DISCOUNTS / SURCHARGES

DEDUCTIBLE DISCOUNT:

\$2,500 - 5%

PROTECTIVE DEVICES DISCOUNTS:

Smoke Alarms, Dead Bolt Locks and a Fire Extinguisher: - 2%

Active Central Station Fire Alarm System: - 5%

AGE OF HOME DISCOUNT:

Current Year to 20 Years..... - 5%

CLAIMS SURCHARGE: This surcharge must be applied if the applicant has had claims in the last 5 years.

2 Claims..... 10%

3 Claims..... 25%

SUPPLEMENTAL HEATING SURCHARGE: 5%

A surcharge will apply to all homes equipped with a wood, coal or pellet stove or heater, or any other supplemental heating system.

This does not apply to a masonry fireplace.

MULTIPLE FAMILY SURCHARGE: A surcharge must be applied if the home is a multiple family dwelling (example: duplex)

2 family 10%

3 or 4 family 30%

PREMIUM CALCULATION:

The discount percentages will be totaled and the surcharge percentages will be totaled. After both are totaled, the percentage difference between the totals will be applied to the Base Premium amount.

Example:

Active Central Station Fire Alarm System - 5%

Age of Home is 15 years - 5%

DISCOUNT TOTAL: -10%

Supplemental Heating +5%

SURCHARGE TOTAL: +5%

DISCOUNT - SURCHARGE..... -5%

A 5% discount can be applied to the base premium.

American Reliable Insurance Company

A Stock Insurance Company

8655 E Via De Ventura
Scottsdale, AZ 85258-3321

A.M. Best Rated A-, Excellent

TO REPORT A CLAIM

Please call American Reliable Insurance Company and report claims directly to a claims representative. You may give this number to your insured to call direct.

Call: 1-800-245-1505

Fax: 1-800-224-4170

Normal business hours are from 5:30 a.m. – 5:00 p.m. Mountain Standard Time. After normal business hours an answering service will take a message. All calls will be returned the next day.

TO OBTAIN SUPPLIES

Please call your General Agent for all your supply needs. Their phone number is listed on the front of this guide.