



**AMERICAN MODERN SELECT  
INSURANCE COMPANY**

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**(085)**

*New Business 03-01-08*

*Renewal Business 03-15-08*

**GRAND GENERAL INSURANCE  
AGENCY, INC.**

3030 Ivanrest Ave. SW, Suite B

Grandville, MI 49418

1-800-869-2022 • (616) 531-5150

Fax: (888) 767-0826 or (616) 559-6001

**DP-3**

**DP-1**

**DP-1 Vacant**

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**Specialty Dwelling Program Guide**

**Michigan**

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# DP-3, DP-1 & DP-1 Vacant Programs COVERAGES & FEATURES

<b>Eligibility &amp; Coverages</b>			
	<b>DP-3</b>	<b>DP-1</b>	<b>DP-1 Vacant</b>
<b>Target Market</b>	Designed to accept individuals who have Rental/Seasonal properties that would normally qualify for coverage with a standard carrier.	Dwelling owner that does not desire and/or qualify for coverage on a homeowners form.	Dwellings & Manufactured Homes temporarily vacant due to minor renovation, lapse in tenancy, real estate closing, or being held for sale.
<b>Condition of Home</b>	Above average to excellent condition.	Fair or better condition.	Average or better condition, exhibiting proper maintenance.
<b>Policy Form</b>	S2002 (07/88)	S2001 (07/88)	S2001 (07/88)
<b>Policy Term</b>	12 months Effective 12:01 AM Standard Time	12 months Effective 12:01 AM Standard Time	3, 6, or 12 months Effective 12:01 AM Standard Time
<b>Loss Settlement</b>	Replacement Cost	Actual Cash Value	Actual Cash Value
<b>Minimum Dwelling Value</b>	\$35,000	\$15,000	\$15,000 (Mobile Home Vacant \$5,000)
<b>Maximum Dwelling Value</b>	\$300,000	\$200,000	\$300,000
<b>Maximum Dwelling Age</b>	80 years of age	no age limit	no age limit
<b>Occupancy</b>	Rental and Seasonal	Owner, Rental, Seasonal	Vacant
<b>Multi-Family</b>	1,2,3 or 4 family Up to 3 stories	1,2,3 or 4 family Up to 3 stories	1,2,3 or 4 family Up to 3 stories
<b>Location of Home</b>	Protection Classes 1 - 10	Protection Classes 1 - 10	Protection Classes 1 - 10
<b>Supplemental Heating Device</b>	\$40 surcharge	\$40 surcharge	\$40 surcharge
<b>Water and Mold Limit</b>	\$10,000	N/A	N/A
<b>Perils Insured Against</b>			
<b>Dwelling &amp; Other Structures</b>	Comprehensive Coverage \$500 All Peril Deductible	Named Peril (Fire & E.C.) \$500 All Peril Deductible	Named Peril (Fire & E.C.) \$500 All Peril Deductible
<b>Personal Property (optional)</b>	Named Peril	Named Peril (Fire & E.C.)	<i>not available</i>
<b>Additional Coverages Automatically Included</b>			
<b>Other Structures</b>	Up to 10% of Coverage A limit	Up to 10% of Coverage A limit (reduces amount of Coverage A)	Up to 10% of Coverage A limit (reduces amount of Coverage A)
<b>Debris Removal</b>	Reasonable Expense	Reasonable Expense	Reasonable Expense
<b>Rental Value</b>	Up to 10% of Coverage A limit	Up to 10% of Coverage A (reduces amount of Coverage A)	Up to 10% of Coverage A (reduces amount of Coverage A)
<b>Reasonable Repairs</b>	Reasonable and Necessary	Reasonable and Necessary	Reasonable and Necessary
<b>Fire Department Ser. Charge</b>	Up to \$500	Up to \$500	Up to \$500
<b>Optional Additional Coverages</b>			
<b>Additional Living Expense</b>	N/A	Up to 20% of Coverage A Owner Occupied only	<i>not available</i>
<b>Deductible Change Options</b>	<u>All Perils</u> \$250 \$1,000 \$2,500 \$5,000	<u>All Perils</u> \$250 \$1,000 \$2,500 \$5,000	<u>All Other Perils</u> \$1,000
<b>Fair Rental Value</b>	<i>increase available</i>	<i>increase available</i>	<i>not available</i>
<b>Personal Liability Coverage</b>	N/A	Owner-Occupied only	<i>not available</i>
<b>Premises Liability Coverage</b>	Rental & Seasonal	Rental & Seasonal	<i>available</i>
<b>Residence Burglary</b>	Rental only	Owner and Rental only	<i>not available</i>
<b>Satellite Antenna</b>	<i>not available</i>	Wind and Hail Buy-back	Wind and Hail Buy-back
<b>V&amp;MM</b> (excluded for rental risks if intentional act by tenant)	<i>included</i>	Owner and Rental only	<i>available</i>

# RULES AND DEFINITIONS

## GENERAL RULES AND RATING INFORMATION

1. Application The agent's and applicant's **signatures** are **required**.
2. Insurance to Value DP1: Dwelling must be insured to **market value** (excluding land value) not to exceed **replacement cost**.  
DP3: Dwelling must be insured to **100% full replacement cost**, excluding land value.
3. Whole Dollar Rule All premiums shall be rounded to the **nearest whole dollar**.
4. Cancellation Rule **No flat cancellation** is allowed if coverage has been provided under our policy.
5. Transfer or Assignment Our policies may **not** be transferred or assigned.
6. Minimum Written and Earned Premium There is a \$100 **minimum written** and a \$25 **minimum earned** premium for the Owner, Rental, Vacant and Seasonal programs. The Vacant Program **minimum written** premium is \$100.
7. Inspections An inspection report will be reviewed as part of the underwriting evaluation for any applicant.

## DEFINITIONS

1. Owner Occupied Dwellings Dwellings owned by the insured that are occupied on a **full-time** basis as the insured's primary residence for **at least five (5)** consecutive months. (Dwellings may not be rented to others for any length of time.)
2. Seasonal/Secondary Dwellings Dwellings owned by the insured that are occupied on an intermittent or **non-continuous** basis as the insured's secondary or seasonal residence for less than five (5) consecutive months. (Dwellings may not be rented to others for any length of time.)
3. Rental Dwellings Dwellings owned by the insured that are rented to others for residential purposes.
4. Vacant Dwellings Dwellings, manufactured and/or modular homes that are unoccupied, whether or not the contents have been removed.
5. Supplemental Heating Device Wood, coal or pellet burning stoves, space heaters, and any other heating device that is not centralized.  
**Portable kerosene heaters or space heaters are ineligible.**

## TEMPORARY SUSPENSION OF WRITINGS

During Temporary Suspensions of Writing, do not accept any applications for new coverage, requests to increase coverage limits, or requests to lower deductibles on existing policies. Existing American Modern policies will renew during this time, provided there is no increase in coverage or lapse between policies.

### Impending Severe Weather

Impending severe weather includes, but is not limited to:

- ◆ Tornado watches and/or warnings
- ◆ Flood watches and/or warnings
- ◆ Tropical storm or Hurricane watches and/or warnings

### Earthquake

- ◆ Restrictions begin with the occurrence of an earthquake or aftershock, of 5.0 Richter (or greater), and continues for a period of 72 hours for dwellings located in counties (in their entireties) within 100 miles of the epicenter.

### Wildfire

- ◆ No risks may be bound within a 25 mile radius of any existing wildfire.

**For Updates Call (888) 593-3032 or LOG ON to our website: [www.amig.com/agents/bindres.html](http://www.amig.com/agents/bindres.html)**

# QUOTING PROCEDURE

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Rate pages are not available for this program.

Quoting and issuance of policies will only be available through **modernLINK®**. If you do not have access to our Award Winning website, you may call Customer Care or your General Agent, whichever applies.

In **modernLINK**, an accurate quote will be ensured by entering all of the requested information. After the **ELIGIBLE PROGRAMS** page, you will be asked to verify some information about the applicant before the Insurance Score is ordered. On this page is our disclosure to the insured that credit history as well as other third party reports may be ordered. **You must read this statement to the insured before proceeding.** Below is the text you will see:

*In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score. We may also obtain loss history and other consumer reports using a third party. The above information may be used to develop your premium or to determine your eligibility for insurance.*

Based on Insurance Score, if the quoted customer is not receiving the best rate, they must receive a Fair Credit Reporting Act notice. This is true even if they do not wish to proceed with the quote. **modernLINK** will print this notice when a quote or application is printed, or can be printed alone. If you are receiving a quote by phone, this notice will be faxed to you to give to the customer. If the customer is not in your office, you will need to mail the notice to that customer. This procedure satisfies the requirements of the Fair Credit Reporting Act.

## TERRITORY ALIGNMENT

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Unless otherwise indicated, the rates and/or premiums apply to the entire state.

### **Territory 60**

Remainder of State

### **Territory 61**

Wayne, Genesee, Macomb, Oakland, Saginaw

### **Territory 62**

City of Detroit, City of Hamtramck, City of Highland Park

### **Territory 63**

City of Flint

## DIRECT BILL PREMIUM PLANS

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**Direct Bill** is American Modern Insurance Group's own automated billing and processing system. With the completion of an easy application, this system will automatically produce a declarations page, bills and renewals. All policies can be dispatched from our office to the insured. Please inquire for details.

**We now accept Credit Cards and one-time EFT as a method of payment.**

### **ANNUAL POLICIES**

1. Paid in Full.
2. 4-Pay Plan - 25% down with 3 installments. Collect the 25% down. We will bill in 3 installments which will be due by day 65, day 155, & day 245.
3. 10-Pay Plan - 16.3% down with 9 installments. Collect the 16.3% down. We will bill in 9 installments which will be due by day 40, day 70, day 100, day 130, day 160, day 190, day 220, day 250, & day 280.
4. EZPay - 2 months downpayment required with 10 additional installments automatically deducted from a savings/checking account. Collect the downpayment and submit signed application form 00220-08-G with application and a voided check or deposit slip. The customer may choose date of automatic withdrawal.

**A SERVICE CHARGE IS ASSESSED FOR EACH INSTALLMENT, INCLUDING THE DOWN PAYMENT.**

# UNDERWRITING GUIDELINES

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## DP-3 SEASONAL

### I. TARGET MARKET

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**DP3** – designed to meet the needs of the homeowner that does not desire coverage on a homeowners form. Risks should be in average to excellent condition, and reflect responsible ownership in the maintenance and upkeep of the property.

Dwellings can be:

**Seasonal** - Occupied on an intermittent or non-continuous basis as the insured's secondary or seasonal residence for less than five consecutive months per year.

#### **Optional Coverage Limits**

- Other Structures - 50% of Coverage A
- Personal Property - 100% of Coverage A, or \$20,000, whichever is greater, is the maximum available
- Premises Liability - \$500,000 is the maximum available
- Medical Payments - \$1,000/\$25,000 is the maximum available

### II. ELIGIBLE RISKS

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1. One, two, three or four family dwellings.
2. Minimum value - \$35,000, Maximum value \$300,000
3. Risks must be insured to 100% replacement cost, excluding land value. A replacement cost estimator is required.
4. An inspection will be obtained for all NEW BUSINESS submissions. In addition, a C.L.U.E. report may be reviewed as part of the underwriting evaluation.

The following insureds are **NOT** eligible for coverage...

1. Any insured that has been convicted of any of these crimes within the past 5 years:
  - a. Arson or conspiracy to commit arson
  - b. Burglary with explosives
  - c. Possession with intent to use unlawfully a device designed to explode upon impact or upon application of heat, or possession with intent to use unlawfully a highly incendiary device
  - d. Malicious destruction of personal property
  - e. Malicious destruction of the property of a Police or Fire Department
  - f. Malicious destruction of a house, barn or building of another
  - g. Intent to commit any of the above crimes, conspiracy to commit such a crime, refusing to give incriminating evidence in connection with such a crime, or false pretenses with intent to defraud
2. Any insured that has been denied within the last 5 years, payment by an insurer of a claim under a home insurance policy (in excess of \$2,000) because of evidence of arson, conspiracy to commit arson, misrepresentation, fraud, or conspiracy to commit fraud, committed by or on behalf of the person, if the amount of the claim which was denied was greater than the following:
  - a. For a claim under a Repair Cost Policy, 15% of the amount of insurance in force.
  - b. For a claim under a Replacement Cost Policy, 10% of the amount of insurance in force.
3. Any insured that wants to insure a dwelling, which is used for illegal or demonstrably hazardous purpose.
4. Any insured that has not paid his or her property taxes for 2 or more years.

The following risks are **NOT** acceptable based on physical condition of the property...

1. Log homes, earth homes, dome homes, open pier homes, stilt homes, row homes, town homes, manufactured homes, modified manufactured homes, trailers or any other dwellings of non-conventional construction or design
2. (If Liability coverage is purchased) Liability exposures on risks that involve physical conditions which clearly present an extreme likelihood of a significant loss including, but not limited to:
  - a. Ownership of vicious dogs or other dangerous animals.
  - b. Broken, sagging or unsupported steps or stairs that create an extreme tripping hazard.

# UNDERWRITING GUIDELINES

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- c. Severely broken or uneven sidewalks, holes in driveways or other areas of the grounds that in all likelihood would cause a person to fall.
  - d. Gutters, downspouts, chimneys or retaining walls that are so poorly maintained that they could collapse and cause personal injury to passersby or property damage to adjacent property.
  - e. Unrepaired prior damage rendering the dwelling uninhabitable.
  - f. In-ground pools without, a fence, at least four-foot high, with a locking gate that encloses the pool.
  - g. Above ground pools without a four foot fence with a locking gate that encloses the pool or steps or ladders that can be secured, locked, or removed when the pool is not in use.
  - h. Dwellings used a fraternities, sororities, or student housing.
3. Unoccupancy of a dwelling for more than 60 days, if there is evidence of an intent to vacate or keep the premises vacant or unoccupied including, but not limited to:
    - a. Abandonment by insured with or without foreclosure.
    - b. Vacant and for sale for over 6 months.
    - c. Condemnation.
  4. The existence of an adjacent physical hazard if the hazard presents a significant risk of loss directly related to the perils to be insured against.
  5. The presence of a heating stove or free-standing fireplace that uses solid fuel (coal, wood, etc.), unless the following requirements are met:
    - a. Installed by a professional contractor or by the applicant to manufacturer's specifications.
    - b. Installed with proper clearances of unit and venting system.
    - c. Properly maintained unit and venting system, including cleaning of chimney.
    - d. Installation of a minimum of one smoke detector per wood-burning unit.
  6. Electrical system with characteristics which shall be considered to cause an unacceptable risk of fire, such as severely worn or frayed wiring; insufficient number of circuits for number of appliances used; improper fuses.
  7. Heating system with characteristics, which shall be considered to cause an unacceptable risk of fire, such as improper venting, faulty thermostat, deteriorating firebox, chimney in need of repair.
  8. Poor outside maintenance of a structure which is likely to cause weather-related loss under the policy. This includes, but is not limited to conditions such as:
    - a. Roofing sections missing
    - b. Siding loose or missing
    - c. Broken windows
    - d. Chimney loose and in danger of collapse

***\*NOTE: If an applicant or insured obtains a certificate of compliance or habitation issued by an appropriate governmental unit, which certifies that a building substantially complies with local housing and safety codes, the certificate creates a rebuttal presumption that the dwelling meets our underwriting rules related to physical condition.***

## III. NON-RENEWALS BASED ON CLAIMS HISTORY

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Policies will not be renewed if, during the (3) three-year period immediately preceding renewal the insured,

1. Has had any paid liability claims where the insured was substantially at fault and the cause of the claim has not been corrected.
2. Has failed, after written notice from our company, to correct a specified physical condition, which is directly related to a paid claim.
3. Has had a total of (3) three paid property claims, totaling \$3,000 or more, exclusive of weather-related claims.
4. Has had a total of (3) three paid property claims, totaling \$4,000 or more, including weather-related claims.

# UNDERWRITING GUIDELINES

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## DP-3 RENTAL

### I. TARGET MARKET

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**DP3** - designed to meet the needs of the homeowner that does not qualify for coverage on a homeowners form due to the home being tenant occupied. Risks should be in average to excellent condition and reflect responsible ownership in the maintenance and upkeep of the property.

Dwellings can be:

**Rental** - Owned by the insured and rented to others for residential purposes

*Requests for more than 10 rental dwellings MUST be submitted for approval prior to binding.*

#### **Optional Coverage Limits**

- Other Structures - 50% of Coverage A
- Personal Property - 100% of Coverage A, or \$20,000, whichever is greater, is the maximum available
- Premises Liability - \$500,000 is the maximum available
- Medical Payments - \$1,000/\$25,000 is the maximum available

### II. ELIGIBLE RISKS

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1. One, two, three or four family dwellings not more than 80 years of age..
2. Minimum value - \$35,000, Maximum value \$300,000.
3. Risks must be insured to 100% replacement cost, excluding land value.
4. An inspection will be obtained for all NEW BUSINESS submissions. In addition, a C.L.U.E. report may be reviewed as part of the underwriting evaluation.

### III. PRIOR LOSS HISTORY

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**Prior Losses** include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.

1. For claim history **within the immediately preceding 3-year period**, the following is **NOT** acceptable...
  - a. More than 2 non-weather-related losses or more and more than 2 weather-related losses
  - b. Any prior paid claim arising out of the insured's negligence.
  - c. Any risk with a loss that is unresolved or open with a prior carrier.
2. Complete details regarding the insured's loss history, such as cause, location, date and the amount paid are required. All repairs from prior losses must be completed.

Risks with the following prior loss history **MUST** be submitted, prior to binding:

**Fire Losses** – Any risk with a prior fire loss with more than \$10,000 incurred

- Copy of a fire report must be provided.
- Fires caused by arson or an intentional act by the insured are NOT acceptable.

**Liability Losses** – Any risk with a prior liability loss

- Liability losses that were the result of an intentional act by the insured are NOT acceptable
- Any risk with a prior liability loss is only eligible for a maximum of \$100,000 optional Premises Liability coverage and \$1,000 Medical Payments coverage

**Theft/Burglary Losses** – Any risk with a prior theft loss with more than \$10,000 incurred

- Details regarding the loss **MUST** be obtained from the applicant

### IV. RISK CHARACTERISTICS

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#### **Swimming Pools**

- Risks with swimming pools are only acceptable if Premises Liability coverage is **NOT** included.

#### **Business on Premises**

- Applicants with employees are acceptable only if Premises Liability coverage is **NOT** included.

# UNDERWRITING GUIDELINES

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## Farming on Premises

- Acceptable only if Premises Liability coverage is **NOT** included.

## Supplemental Heating

- Wood, coal or pellet burning stoves or any other heating device that is not thermostatically controlled is considered a supplemental heating device.
- Photos of the heating device, as well as the piping and/or venting are required for all risks with a supplemental heating device in either the dwelling or an other structure.
- Kerosene or portable space heaters are **NOT** acceptable.

### *Submit, Do Not Bind:*

- Dwellings or other structures with a supplemental heating source installed by someone other than the manufacturer or a licensed contractor.

## V. RISKS THAT ARE NOT ACCEPTABLE – DO NOT BIND – DO NOT SUBMIT

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1. An applicant with a past conviction for arson, fraud, or other insurance-related offenses
2. Dwellings attached to, occupied as, or converted from a commercial risk
3. Dwellings condemned, under construction, or undergoing major renovations (*Minor renovations are acceptable and include painting, roof repairs, carpeting, and plastering*)
4. Unrepaired or existing damage to a dwelling or where prior claims are open or unresolved
5. Hand hewn log homes, earth homes, dome homes, open pier homes, stilt homes, row homes, town homes, or condominiums
6. Manufactured homes, modified manufactured homes, modular homes, or trailers (*If vacant, manufactured homes may be eligible our D1 Vacant Program*)
7. Dwellings of non-conventional construction or design (*Shell homes, Do-It-Yourself construction, or homemade homes*)
8. Dwellings where the primary heat source is **NOT** thermostatically controlled or a supplemental heat source is used as primary heat
9. Kerosene or portable space heaters used in the Dwellings
10. Underground fuel tank on premises, if liability coverage requested
11. Dwellings without smoke detectors
12. Dwellings without utilities such as natural gas, electric, or water
13. Dwellings within 1,000 feet of rising water, or in an area that is prone to flooding
14. Dwellings in a landslide, forest fire, or brush fire area
15. Dwellings in isolated areas, not accessible by road
16. Dwellings used as fraternities, sororities, student housing or other similar types of occupancies
17. Dwelling that has physical conditions that clearly present an extreme likelihood of a loss
18. Other Structures in poor physical condition and not properly maintained, if Other Structures coverage requested
19. Kerosene or portable space heaters used in Other Structures
20. Dwellings with knob and tube wiring
21. Dwellings whose plumbing has not been updated in the last 40 years
22. Dwellings whose roof has not been updated in the last 20 years

# UNDERWRITING GUIDELINES

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## DP-1 OWNER AND SEASONAL

### I. TARGET MARKET

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**DP1** – designed to meet the needs of the dwelling owner that does not desire and/or qualify for coverage on a homeowners form. Risks should be in fair or better condition.

Dwellings can be:

**Owner Occupied** - Occupied on a full-time basis as the insured's primary residence for at least five consecutive months.

**Seasonal** - Occupied on an intermittent or non-continuous basis as the insured's secondary or seasonal residence for less than five consecutive months per year.

#### **Optional Coverage Limits**

- Other Structures - 50% of Coverage A
- Personal Property - 100% of Coverage A, or \$20,000, whichever is greater, is the maximum available
- Personal Liability - \$300,000 is the maximum available
- Medical Payments - \$1,000/\$25,000 is the maximum available

### II. ELIGIBLE RISKS

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1. One, two, three or four family dwellings.
2. Minimum value - \$15,000, Maximum value \$200,000
3. Risks must be insured to 100% market value, excluding land value.
4. An inspection will be obtained for all NEW BUSINESS submissions. In addition, a C.L.U.E. report may be reviewed as part of the underwriting evaluation.

**The following insureds are NOT eligible for coverage...**

1. Any insured that has been convicted of any of these crimes within the past 5 years:
  - a. Arson or conspiracy to commit arson
  - b. Burglary with explosives
  - c. Possession with intent to use unlawfully a device designed to explode upon impact or upon application of heat, or possession with intent to use unlawfully a highly incendiary device
  - d. Malicious destruction of personal property
  - e. Malicious destruction of the property of a Police or Fire Department
  - f. Malicious destruction of a house, barn or building of another
  - g. Intent to commit any of the above crimes, conspiracy to commit such a crime, refusing to give incriminating evidence in connection with such a crime, or false pretenses with intent to defraud
2. Any insured that has been denied within the last 5 years, payment by an insurer of a claim under a home insurance policy (in excess of \$2,000) because of evidence of arson, conspiracy to commit arson, misrepresentation, fraud, or conspiracy to commit fraud, committed by or on behalf of the person, if the amount of the claim which was denied was greater than the following:
  - a. For a claim under a Repair Cost Policy, 15% of the amount of insurance in force.
  - b. For a claim under a Replacement Cost Policy, 10% of the amount of insurance in force.
3. Any insured that wants to insure a dwelling, which is used for illegal or demonstrably hazardous purpose.
4. Any insured that has not paid his or her property taxes for 2 or more years.

**The following risks are NOT acceptable based on physical condition of the property...**

1. Log homes, earth homes, dome homes, open pier homes, stilt homes, row homes, town homes, manufactured homes, modified manufactured homes, trailers or any other dwellings of non-conventional construction or design
2. (If Liability coverage is purchased) Liability exposures on risks that involve physical conditions which clearly present an extreme likelihood of a significant loss including, but not limited to:
  - a. Ownership of vicious dogs or other dangerous animals.
  - b. Broken, sagging or unsupported steps or stairs that create an extreme tripping hazard.

# UNDERWRITING GUIDELINES

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- c. Severely broken or uneven sidewalks, holes in driveways or other areas of the grounds that in all likelihood would cause a person to fall.
  - d. Gutters, downspouts, chimneys or retaining walls that are so poorly maintained that they could collapse and cause personal injury to passersby or property damage to adjacent property.
  - e. Unrepaired prior damage rendering the dwelling uninhabitable.
  - f. In-ground pools without a fence, at least four-foot high, with a locking gate that encloses the pool.
  - g. Above ground pools without a four foot fence with a locking gate that encloses the pool or steps or ladders that can be secured, locked, or removed when the pool is not in use.
  - h. Dwellings used as fraternities, sororities, or student housing.
3. Unoccupancy of a dwelling for more than 60 days, if there is evidence of an intent to vacate or keep the premises vacant or unoccupied including, but not limited to:
    - a. Abandonment by insured with or without foreclosure.
    - b. Vacant and for sale for over 6 months.
    - c. Condemnation.
  4. The existence of an adjacent physical hazard if the hazard presents a significant risk of loss directly related to the perils to be insured against.
  5. The presence of a heating stove or free-standing fireplace that uses solid fuel (coal, wood, etc.), unless the following requirements are met:
    - a. Installed by a professional contractor or by the applicant to manufacturer's specifications.
    - b. Installed with proper clearances of unit and venting system.
    - c. Properly maintained unit and venting system, including cleaning of chimney.
    - d. Installation of a minimum of one smoke detector per wood-burning unit.
  6. Electrical system with characteristics which shall be considered to cause an unacceptable risk of fire, such as severely worn or frayed wiring; insufficient number of circuits for number of appliances used; improper fuses.
  7. Heating system with characteristics, which shall be considered to cause an unacceptable risk of fire, such as improper venting, faulty thermostat, deteriorating firebox, chimney in need of repair.
  8. Poor outside maintenance of a structure which is likely to cause weather-related loss under the policy. This includes, but is not limited to conditions such as:
    - a. Roofing sections missing
    - b. Siding loose or missing
    - c. Broken windows
    - d. Chimney loose and in danger of collapse

***\*NOTE: If an applicant or insured obtains a certificate of compliance or habitation issued by an appropriate governmental unit, which certifies that a building substantially complies with local housing and safety codes, the certificate creates a rebuttal presumption that the dwelling meets our underwriting rules related to physical condition.***

## III. NON-RENEWALS BASED ON CLAIMS HISTORY

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Policies will not be renewed if, during the (3) three-year period immediately preceding renewal the insured,

1. Has had any paid liability claims where the insured was substantially at fault and the cause of the claim has not been corrected.
2. Has failed, after written notice from our company, to correct a specified physical condition, which is directly related to a paid claim.
3. Has had a total of (3) three paid property claims, totaling \$3,000 or more, exclusive of weather-related claims.
4. Has had a total of (3) three paid property claims, totaling \$4,000 or more, including weather-related claims.

# UNDERWRITING GUIDELINES

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## DP-1 RENTAL AND VACANT

### I. TARGET MARKET

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**DP1** - designed to meet the needs of the dwelling owner that does not qualify for coverage on a homeowners form. Risks should be in fair or better condition.

Dwellings can be:

**Rental** - Owned by the insured and rented to others for residential purposes

*Requests for more than 10 rental dwellings MUST be submitted for approval prior to binding.*

#### **Optional Coverage Limits**

- Other Structures - 50% of Coverage A
- Personal Property - 100% of Coverage A, or \$20,000, whichever is greater, is the maximum available
- Premises Liability - \$500,000 is the maximum available
- Medical Payments - \$1,000/\$25,000 is the maximum available

**Vacant** - Designed for homes that are in average to better condition, which exhibit proper maintenance, and are temporarily vacant due to one of the following conditions:

- Renovation or remodeling
- Between tenancy or real estate closings
- Dwellings held for sale and on the market for less than one year.

**Dwellings vacant for more than 12 months must be submitted for approval prior to binding.**

**Vacant manufactured homes are eligible for this program.**

**Vacant dwelling policies are written for 3 and 6-month terms, and will renew up to a 12-month period.** After the 12-month period, the policy will be automatically non-renewed, but may be considered for a new policy under the following conditions:

- New policy must be written as new business, (new application required) meeting all new business underwriting guidelines and requirements.
- Must be submitted for approval, prior to binding.
- Special attention must be given to the upkeep of the property and the reason the home remains vacant.

#### **Optional Coverage Limits**

- Other Structures – 50% of Coverage A
- Vacant Premises Liability - \$500,000 is the maximum available
- Medical Payments - \$1,000/\$25,000 is the maximum available

### II. ELIGIBLE RISKS

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1. One, two, three or four family dwellings.
2. Minimum value - \$15,000 DP-1, Maximum value \$200,000, DP-1 Vacant Maximum Value \$300,000 (DP-1 Vacant MH Minimum \$5,000)
3. DP-1 Risks must be insured to 100% market value, excluding land value.
4. An inspection will be obtained for all NEW BUSINESS submissions. In addition, a C.L.U.E. report may be reviewed as part of the underwriting evaluation.

### III. PRIOR LOSS HISTORY

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**Prior Losses** include any loss incurred on any property and/or structure owned, rented, or leased by the applicant.

1. For claim history **within the immediately preceding 3-year period**, the following is **NOT** acceptable...
  - a. More than 2 non-weather-related losses or more and more than 2 weather-related losses
  - b. Any prior paid claim arising out of the insured's negligence.
  - c. Any risk with a loss that is unresolved or open with a prior carrier.

# UNDERWRITING GUIDELINES

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2. Complete details regarding the insured's loss history, such as cause, location, date and the amount paid are required. All repairs from prior losses must be completed.

Risks with the following prior loss history **MUST** be submitted, prior to binding:

**Fire Losses** – Any risk with a prior fire loss with more than \$10,000 incurred

- Copy of a fire report must be provided.
- Fires caused by arson or an intentional act by the insured are **NOT** acceptable.

**Liability Losses** – Any risk with a prior liability loss

- Liability losses that were the result of an intentional act by the insured are **NOT** acceptable
- Any risk with a prior liability loss is only eligible for a maximum of \$100,000 optional Premises Liability coverage and \$1,000 Medical Payments coverage

**Theft/Burglary Losses** – Any risk with a prior theft loss with more than \$10,000 incurred

- Details regarding the loss **MUST** be obtained from the applicant

## IV. RISK CHARACTERISTICS

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### Swimming Pools

- Risks with swimming pools are only acceptable if Premises Liability coverage is **NOT** included.

### Business on Premises

- Applicants with employees are acceptable only if Premises Liability coverage is **NOT** included.

### Farming on Premises

- Acceptable only if Premises Liability coverage is **NOT** included.

### Supplemental Heating

- Wood, coal or pellet burning stoves or any other heating device that is not thermostatically controlled is considered a supplemental heating device.
- Photos of the heating device, as well as the piping and/or venting are required for all risks with a supplemental heating device in either the dwelling or an other structure.
- Kerosene or portable space heaters are **NOT** acceptable.

*Submit, Do Not Bind:*

- Dwellings or other structures with a supplemental heating source installed by someone other than the manufacturer or a licensed contractor.

## V. RISKS THAT ARE NOT ACCEPTABLE – DO NOT BIND – DO NOT SUBMIT

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1. An applicant with a past conviction for arson, fraud, or other insurance-related offenses
2. Dwellings attached to, occupied as, or converted from a commercial risk
3. Dwellings condemned, under construction, or undergoing major renovations (*Minor renovations are acceptable and include painting, roof repairs, carpeting, and plastering*)
4. Unrepaired or existing damage to a dwelling or where prior claims are open or unresolved
5. Log homes, earth homes, dome homes, open pier homes, stilt homes, row homes, town homes, or condominiums
6. Manufactured homes, modified manufactured homes, modular homes, or trailers (*If vacant, manufactured homes may be eligible for the Vacant Program*)
7. Dwellings of non-conventional construction or design (*Shell homes, Do-It-Yourself construction, or homemade homes*)
8. Dwellings where the primary heat source is **NOT** thermostatically controlled or a supplemental heat source is used as primary heat
9. Kerosene or portable space heaters used in the Dwellings
10. Underground fuel tank on premises, if liability coverage requested
11. Dwellings without smoke detectors
12. Dwellings without utilities such as natural gas, electric, or water
13. Dwellings within 1,000 feet of rising water, or in an area that is prone to flooding
14. Dwellings in a landslide, forest fire, or brush fire area
15. Dwellings in isolated areas, not accessible by road
16. Dwellings used as fraternities, sororities, student housing or other similar types of occupancies
17. Dwellings that have physical conditions that clearly present an extreme likelihood of a loss
18. Other Structures in poor physical condition and not properly maintained, if Other Structures coverage requested
19. Kerosene or portable space heaters used in Other Structures
20. Dwellings with knob and tube wiring

# OPTIONAL COVERAGES

Coverage	Available Occup.	Limits	Rates	Included Coverages	Important Information	Codes
<b>Personal Liability</b>	Owner	\$25,000 \$50,000 \$100,000 \$200,000 \$300,000	<b>Families</b>	\$500 Medical Payments each person, \$25,000 each occurrence.	\$10,000 Animal Liability Sub-Limit applies.	<b>K3</b>
			<b>1      2      3-4</b>			
			\$69.00 \$105.00 \$277.00			
			\$85.00 \$128.00 \$339.00			
			\$105.00 \$157.00 \$418.00			
\$121.00 \$182.00 \$486.00						
\$139.00 \$208.00 \$554.00						
<b>Premises Liability</b>	Rental Seasonal Vacant	\$25,000 \$50,000 \$100,000 \$200,000 \$300,000 \$500,000	<b>Families</b>	\$500 Medical Payments each person, \$25,000 each occurrence.	3 and 6 Month Vacant are prorated	<b>L2</b>
			<b>1      2      3-4</b>			
			\$69.00 \$105.00 \$277.00			
			\$85.00 \$128.00 \$339.00			
			\$105.00 \$157.00 \$418.00			
\$121.00 \$182.00 \$486.00						
\$139.00 \$208.00 \$554.00						
\$145.00 \$218.00 \$581.00						
<b>Medical Payments - Personal and Premises Liability</b>	Owner Rental Seasonal Vacant	\$1,000/\$25,000	\$5.00 for \$1000 of coverage	\$500/\$25,000		<b>BA</b>
			<b>3 Month    6 Month</b>			
			\$1.00      \$3.00			
<b>Personal Property</b>	Owner Rental Seasonal	Min: \$1,000 Max: 100% of Coverage A	Per \$1,000	None	Not available for Vacant.	<b>7M1 7M2 7O8 7M3 7O9</b>
			<b>Territory 60</b>			
			<u>PC 1-2</u> <u>PC 3-8</u> <u>PC 9-10</u>			
			\$3.60    \$3.00    \$4.50			
			<b>Territory 61</b>			
			\$4.14    \$3.45    \$5.18			
<b>Territory 62</b>						
\$4.50    \$3.75    \$5.63						
<b>Territory 63</b>						
\$4.50    \$3.75    \$5.63						
<b>Additional Living Expense</b>	Owner	Max: 20% of Coverage A	\$5.00 per \$1,000			<b>46</b>
<b>Fair Rental Value</b>	Owner Rental Seasonal	Max: 20% of Coverage A	\$7.00 per \$1,000			<b>49</b>
<b>Optional Deductibles</b>	Owner Rental Seasonal Vacant	<u>All Other Peril Options</u> \$250 \$1,000 \$2,500 \$5,000	<b>O.R.S*</b>	<u>All Territories Base Ded.</u> \$500		<b>H8</b>
			<b>Vacant</b>			
			3%			
			-5%      -5%			
			-8%			
-12%						
<b>Other Structures Coverage</b>	Owner Rental Seasonal Vacant	Max: 50% of Coverage A,	\$5.00 per \$1,000			<b>A1</b>
			<b>Vacant - 3 Month</b> - \$1.00			
			<b>Vacant - 6 Month</b> - \$3.00			
<b>Residence Burglary</b>	Owner Rental		\$30.00 per \$1,000	None	Maximum \$10,000 of cov.	<b>B1</b>
<b>Vandalism and Malicious Mischief</b>	Owner Rental Vacant		<b>Owner/Rental</b>	\$500 deductible applies. Available in DP-1	Damage caused by tenants and/or their relatives is excluded.	<b>B2</b>
			\$ .70 per \$1,000			
			<b>Vacant 3 Month</b>			
			\$ .18 per \$1,000			
<b>Vacant 6 Month</b>						
\$ .35 per \$1,000						
<b>Windstorm and Hail Buy-Back for Antennas</b>	Owner Rental Seasonal Vacant		<b>*O. R. S</b>		Available in DP-1 Program only.	<b>PK</b>
			\$3.00			
			<b>Vacant - 3 Month</b> - \$1.00			
<b>Vacant - 6 Month</b> - \$2.00						

O = Owner, R = Rental, S = Seasonal

## OPTIONAL EXCLUSIONS FOR RISK ACCEPTANCE

Coverage	Available Occup.	Limits	Rates	Important Information	Codes
<b>Other Structures Exclusion</b>	Owner Rental Seasonal Vacant	N/A	\$3.00 Credit	This exclusion will remove all Other Structures Coverage at the insured premises.	<b>AZ</b>
<b>Animal Liability Exclusion</b>	Owner	N/A	\$3.00 Credit	This exclusion will remove all Animal Liability Coverage.	<b>LE</b>

## CREDITS/SURCHARGES

Premium surcharges and/ or credits may apply for the following:	Important Information	Amount	Code
<b>2, 3 or 4 Family Surcharge</b>		<b>2 Fam</b> <b>3-4 Fam</b> 25%            40%	<b>2F - 28</b> <b>3F - 29</b> <b>4F - 43</b>
<b>Masonry Construction Discount (N/A for Stucco)</b>	Owner, Rental & Seasonal Risks only	10% Credit	
<b>Supplemental Heating Device</b>		\$40.00	<b>H2</b>

# FORMS LISTING (For Reference Only)

Form Number	Title						
0110-4269 (05/92)	Declarations Page						
S2001 (07/88)	Dwelling Property – Basic Form (DP-1)						
S2002 (07/88)	Dwelling Property - Special Form (DP-3)						
D1D3APP-G-INS (02/06)	Application						
<b><u>BASIC PROGRAM - MANDATORY ENDORSEMENTS</u></b>		<b>DP-1</b>				<b>DP-3</b>	
		<b>O</b>	<b>R</b>	<b>S</b>	<b>V</b>	<b>R</b>	<b>S</b>
DF003 (08/06)	Reduction in Coverage When Vacant or Unoccupied	X	X	X		X	X
71884 (05/93)	Permitted Vacancy Clause				X		
71908 (04/98)	Construction Cost Index Endorsement					X	X
72539 (09/01)	Log Building Endorsement					X	X
73339 (07/02)	Condemnation Endorsement	X	X	X	X	X	X
DPV00 (11/05)	Vandalism and Malicious Mischief Exclusion					X	
SDA21 (08/05)	Dwelling Property Special Provisions - Michigan	X	X	X	X	X	X
SDC00 (08/06)	Dwelling Property Basic Form Criminal Acts Exclusion	X	X	X	X		
SD504 (08/02)	Dwelling Property Special Form Water Damage and Mold Special Limit					X	X
SDY00 (11/03)	Dwelling Property Cap on Losses From Certified Acts of Terrorism		X			X	
<b><u>BASIC PROGRAM - OPTIONAL ENDORSEMENTS</u></b>							
70399 (03/85)	Notice of Cancellation or Nonrenewal	X	X	X	X	X	X
71487 (01/03)	Vandalism and Malicious Mischief Exclusion (Mandatory when V&MM is purchased)		X				
71923 (12/93)	General Change	X	X	X	X	X	X
72677 (02/06)	Additional Living Expense	X					
DF001 (03/91)	Residence Burglary	X	X			X	
SDA00 (09/00)	Windstorm and Hail Buy-Back for Antennas	X	X	X	X		
SD800 (03/07)	Dwelling Property Other Structures Exclusion	X	X	X	X	X	X
<b><u>PERSONAL LIABILITY - MANDATORY ENDORSEMENTS</u></b>							
71476 (05/99)	Personal Liability Total Pollution Exclusion	X					
73183 (02/98)	Special Limit for Animal Liability	X					
73184 (05/99)	Business, Commercial or Farming Enterprise Exclusion	X					
73185 (05/99)	Home Day Care Exclusion	X					
73186 (03/00)	Personal Liability Lead Contamination Exclusion	X					
73380 (12/98)	Special Provisions – Michigan	X					
DLB00 (02/00)	Assault and Battery Exclusion	X					
DLE00 (03/00)	Punitive or Exemplary Damages Exclusion	X					
SLM00 (06/02)	Personal Liability Mold Exclusion	X					
S2005 (07/88)	Comprehensive Personal Liability Policy	X					
<b><u>PERSONAL LIABILITY - OPTIONAL ENDORSEMENTS</u></b>							
73182 (05/99)	Animal Liability Exclusion	X					
<b><u>PREMISES LIABILITY - MANDATORY ENDORSEMENTS</u></b>							
71503 (12/03)	Premises Liability Endorsement		X	X	X	X	X
73253 (03/00)	Premises Liability Lead Poisoning Exclusion		X	X	X	X	X
PLM00 (04/02)	Premises Liability Mold Exclusion		X	X	X	X	X
PLY00 (11/03)	Premises Liability Cap on Losses from Certified Acts of Terrorism		X			X	

# HOW TO REACH US WHEN YOU NEED US

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## TO REPORT A CLAIM OR REACH OUR CUSTOMER CARE SERVICES DEPARTMENT:

Please **call**:  
1-800-543-2644

**Fax**:  
1-800-217-5150

or **Report Claims Online**:  
<http://www.amig.com>  
choose "Claims"  
select "File a Claim"  
select the "Homes" form

**New Loss Notices** may be sent to:  
**American Modern Insurance Group, Inc.**  
Attn: Customer Care  
P.O. Box 5323  
Cincinnati, Ohio 45201-5323

## TO ORDER SUPPLIES:

Please **call**:  
1-800-869-2022

or **Fax**:  
1-888-767-0826 or 1-616-559-6001

**Supply orders** may be sent to:  
**Grand General Insurance Agency, Inc.**  
3030 Ivanrest Ave. SW, Suite B  
Grandville, MI 49418  
Attn: Supply Department

When ordering, please refer to the form number at the lower left hand corner of the page.



## **AMERICAN MODERN SELECT INSURANCE COMPANY**

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**EXECUTIVE OFFICE**  
POST OFFICE BOX 5323, CINCINNATI, OHIO 45201-5323, 1-800-543-2644

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